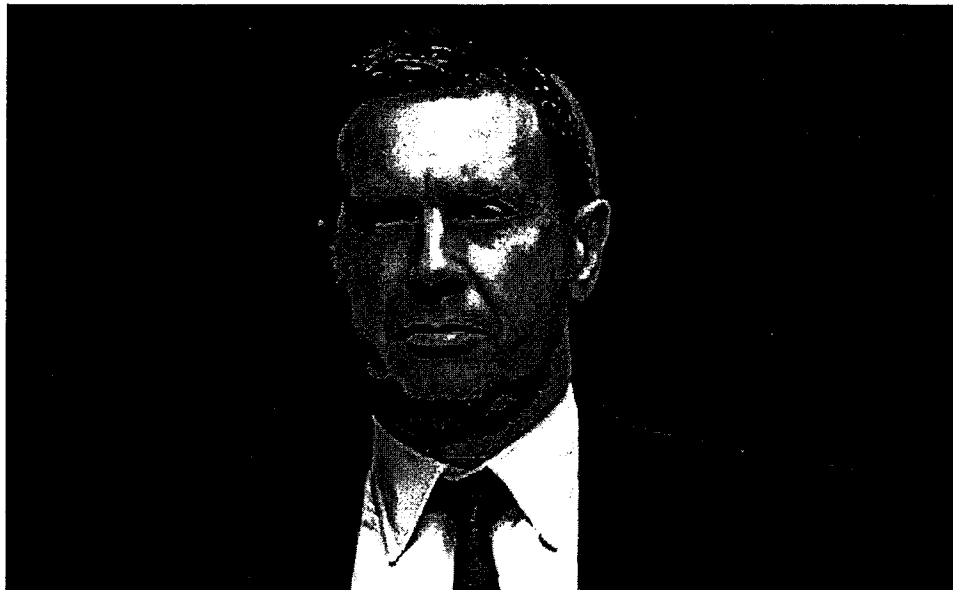


EXHIBIT AA

Phone hacking: News International lawyers admit redacting Clive Goodman letter

Lawyers for News International have admitted they redacted a letter submitted to MPs which implicated senior News of the World staff in phone hacking.



Clive Goodman, the former News of the World royal correspondent Photo: GETTY

By Mark Hughes, Crime Correspondent

3:24PM BST 19 Aug 2011

The letter written by Clive Goodman, the News of the World's former royal correspondent, was submitted to the culture, media and sport select committee on behalf of News International with significant redactions.

It directly implicates Andy Coulson and a number of other senior editorial staff at the former Sunday tabloid in phone hacking.

Sources at the News International said that the redactions, which included removing a claim that Mr Coulson promised that Goodman could keep his job if he did not implicate others, had been made following discussions with police.

But that suggestion was undermined by the release of the same letter by Harbottle and Lewis, the law firm who were instructed by the News of the World to defend against Mr Goodman's claim of wrongful dismissal, which contained significantly fewer redactions.

Harbottle and Lewis said they too received guidance from the police about what to omit, prompting suggestions that News International had attempted to "cover up" the details in the letter.

The Daily Telegraph understands that while Scotland Yard asked for names of individuals to be removed, they did not prescribe changes instead leaving it down to the discretion of the legal teams working for News International and Harbottle and Lewis.

Now Linklaters, the law firm currently acting on behalf of News International, have admitted that it made the redactions

In a letter sent to the parliamentary committee, the firm writes: "The redactions were made following guidance from the Metropolitan Police. Those redactions were made by a partner from this firm."

Linklaters denies that the redactions were made as part of any "cover up", pointing out that the letter was given to the police by News International.

The redacted Goodman letter was submitted to the committee by James Murdoch, the chairman of News Corporation, the parent company of News International.

But Linklaters said he took no part in deciding what should be redacted. "No News International or News Corporation officer or employee took any part in deciding what to redact," their letter adds.

© Copyright of Telegraph Media Group Limited 2012

EXHIBIT BB

prices in managing its businesses to maximize operating profit during expanding and contracting economic cycles. Paper is a basic commodity and its price is sensitive to the balance of supply and demand. The Company's costs and expenses are affected by the cyclical increases and decreases in the price of paper. The Publishing segment's products compete for readership and advertising with local and national competitors and also compete with other media alternatives in their respective markets. Competition for circulation and subscriptions are based on the content of the products provided, service, pricing and, from time to time, various promotions. The success of these products depends upon advertisers' judgments as to the most effective use of their advertising budgets. Competition for advertising is based upon the reach of the products, advertising rates and advertiser results. Such judgments are based on factors such as cost, availability of alternative media, distribution and quality of readership demographics. The Company believes that competition from new media formats and sources and shifting consumer preferences will continue to pose challenges for the Publishing segment's businesses.

Other

The Other segment consists primarily of:

Digital Media Group

The Company sells advertising, sponsorships and subscription services on the Company's various digital media properties. Significant expenses associated with the Company's digital media properties include development costs, advertising and promotional expenses, salaries, employee benefits and other routine overhead. The Company sold Myspace in June 2011.

Wireless Generation

Wireless Generation, the Company's education technology business, provides data systems and professional services that enable teachers to use data to assess student progress and deliver individualized instruction. Significant expenses associated with the Company's education technology business include salaries, employee benefits and other routine overhead.

News Outdoor

News Outdoor sells outdoor advertising space on various media, primarily in Russia. Significant expenses associated with the News Outdoor business include site lease costs, direct production, maintenance and installation expenses, salaries, employee benefits and other routine overhead. The Company sold its outdoor advertising businesses in Russia and Romania in July 2011.

Other Business Developments

In June 2010, the Company announced that it had proposed to the board of directors of British Sky Broadcasting Group plc ("BSkyB"), in which the Company currently has an approximate 39% interest, to make a cash offer of 700 pence per share for the BSkyB shares that the Company does not already own. Following the allegations regarding *News of the World*, on July 13, 2011, the Company announced that it no longer intended to make an offer for the BSkyB shares that the Company does not already own. As a result of the July 2011 announcement, the Company paid BSkyB a breakup fee of approximately \$63 million in accordance with a cooperation agreement between the parties.

During fiscal 2011, the Company acquired an additional interest in Asianet Communications Limited ("Asianet"), an Asian general entertainment television joint venture, for approximately \$92 million in cash. As a result of this transaction, the Company increased its interest in Asianet to 75% from the 51% it owned at June 30, 2010.

In August 2010, the Company increased its investment in Tata Sky Ltd. ("Tata Sky") for approximately \$88 million in cash. As a result of this transaction, the Company increased its interest in Tata Sky to approximately 30% from the 20% it owned at June 30, 2010.

In fiscal 2011, the Company agreed to backstop €400 million (approximately \$525 million), of financing measures that were being initiated by Sky Deutschland of which approximately €342 million (approximately \$450 million) has been completed. As part of these financing measures, the Company acquired 108 million additional shares of Sky Deutschland, increasing its ownership from approximately 45% to 49.9%. The aggregate cost of the shares acquired by the Company was approximately €115 million (approximately \$150 million) and the shares were newly registered shares issued pursuant to the total capital increase.

In addition, in accordance with the backstop, the Company agreed with Sky Deutschland to subscribe to a bond issuance that is convertible for up to 53.9 million underlying Sky Deutschland shares. The convertible bond was issued to the Company in January 2011 for approximately €165 million (approximately \$225 million). The Company currently has the right to convert the bond into equity, subject to certain black-out periods. If not converted, the Company will have the option to redeem the bond for cash upon its maturity in four years. The remaining amount under the backstop of approximately €58 million (approximately \$75 million), must be funded prior to December 2011 and will be provided as a loan to the extent Sky Deutschland does not generate other proceeds through capital increases or convertible bond issuances. The Company has also agreed to loan Sky Deutschland approximately \$70 million to support the launch of a sports news channel. The Company expects to fund these amounts in fiscal 2012.

In November 2010, the Company formed a joint venture with China Media Capital ("CMC"), a media investment fund in China, to explore new growth opportunities. The Company transferred the equity and related assets of its STAR China business along with the Fortune Star Chinese movie library with a combined market value of approximately \$140 million and CMC paid cash of approximately \$74 million to the Company. Following this transaction, CMC holds a 53% controlling stake in the joint venture and the Company holds a 47% stake.

In December 2010, the Company disposed of the Fox Mobile Group ("Fox Mobile").

In fiscal 2011, the Company acquired Wireless Generation, an education technology company, for cash. Total consideration was approximately \$390 million, which included the equity purchase price and the repayment of Wireless Generation's outstanding debt.

In April 2011, the Company acquired Shine Limited ("Shine"), an international television production company, for cash. The total

consideration for this acquisition included (i) approximately \$480 million for the acquisition of the equity, of which approximately \$60 million has been set aside in escrow to satisfy any indemnification obligations, (ii) the repayment of Shine's outstanding debt of approximately \$135 million and (iii) net liabilities assumed. Elisabeth Murdoch, Chairman and Chief Executive Officer of Shine, and daughter of Mr. K. R. Murdoch and sister of Messrs. Lachlan and James Murdoch, received approximately \$214 million in cash at closing in consideration for her majority ownership interest in Shine, and is entitled to her proportionate share of amounts that are released from escrow.

In June 2011, the Company transferred the equity and related assets of Myspace to a digital media company in exchange for a minority equity interest in the acquirer. As a result of this transaction, the Company's interest in the acquirer is now accounted for under the cost method of accounting.

In July 2011, the Company announced that it would close its publication, *News of the World*, after allegations of phone hacking and payments to police. As a result of these allegations, the Company is subject to several ongoing investigations by U.K. and U.S. regulators and governmental authorities, including investigations into whether similar conduct may have occurred at the Company's subsidiaries outside of the U.K. The Company is fully cooperating with these investigations. In addition, the Company has admitted liability in a number of civil cases related to the phone hacking allegations and has settled a number of cases. The Company has taken steps to solve the problems relating to *News of the World* including the creation and establishment of an independent Management & Standards Committee (the "MSC"), which will have oversight of, and take responsibility for, all matters in relation to the *News of the World* phone hacking case, police payments and all other connected issues at News International Group Limited ("News International"), including as they may relate to other News International publications. The MSC appointed an independent Chairman, Lord Grabiner QC, and will report directly to Joel Klein, Executive Vice President and a director of the Company, who in turn will report to Viet Dinh, an independent director and Chairman of the Company's Nominating and Corporate Governance Committee. Both directors will update the Company's Board of Directors. The MSC will ensure full cooperation with all relevant investigations and inquiries into *News of the World* matters and all other related issues across News International and will conduct its own internal investigations where appropriate. The MSC will also be responsible for reviewing existing compliance systems and for proposing and overseeing the implementation of new compliance, ethics and governance procedures at News International. The Company has engaged outside counsel to assist it in responding to U.K. and U.S. governmental inquiries.

In July 2011, the Company sold its majority interest in its outdoor advertising businesses in Russia and Romania for approximately \$360 million. The Company expects to record a gain related to the sale of this business during the first quarter of fiscal 2012.

Results of Operations

Results of Operations – Fiscal 2011 versus Fiscal 2010

The following table sets forth the Company's operating results for fiscal 2011 as compared to fiscal 2010.

For the years ended June 30,	2011	2010	Change	% Change
	(\$ millions)			
Revenues	\$ 33,405	\$ 32,778	\$ 627	2%
Operating expenses	(21,058)	(21,015)	(43)	—
Selling, general and administrative	(6,306)	(6,619)	313	(5)%
Depreciation and amortization	(1,191)	(1,185)	(6)	1%
Impairment and restructuring charges	(313)	(253)	(60)	24%
Equity earnings of affiliates	462	448	14	3%
Interest expense, net	(966)	(991)	25	(3)%
Interest income	126	91	35	38%
Other, net	18	69	(51)	(74)%
Income from continuing operations before income tax expense	4,177	3,323	854	26%
Income tax expense	(1,029)	(679)	(350)	52%
Income from continuing operations	3,148	2,644	504	19%
Loss on disposition of discontinued operations, net of tax	(254)	—	(254)	**
Net income	2,894	2,644	250	9%
Less: Net income attributable to noncontrolling interests	(155)	(105)	(50)	48%
Net income attributable to News Corporation stockholders	\$ 2,739	\$ 2,539	\$ 200	8%

** not meaningful

Overview—The Company's revenues increased 2% for the fiscal year ended June 30, 2011 as compared to fiscal 2010. The increase was primarily due to revenue increases at the Cable Network Programming, Television and Publishing segments. The Cable Network Programming segment's revenues increased primarily due to increases in net affiliate and advertising revenues. The increase at the Television segment was primarily due to advertising revenues from the Super Bowl which was broadcast on FOX in fiscal 2011, higher pricing resulting from improvements in the advertising markets and higher comparative political advertising due to the 2010 mid-term elections. The revenue increase at

EXHIBIT CC

1 of 1 DOCUMENT

The New York Times

July 22, 2012 Sunday
Late Edition - Final**Murdoch Resigns From His British Papers' Boards**

BYLINE: By JOHN F. BURNS and RAVI SOMAIYA; David Carr contributed reporting from Montclair, N.J.

SECTION: Section A; Column 0; Foreign Desk; Pg. 7

LENGTH: 1096 words

LONDON -- After more than a year of scandal in his British newspaper empire, Rupert Murdoch has resigned his directorships in a string of companies that control titles that include The Sun tabloid, The Times and The Sunday Times, raising fresh speculation that he may be planning for an eventual sale of the newspapers that were a major steppingstone during the decades in which he built his global media empire.

A company spokeswoman said Saturday that Mr. Murdoch, the 81-year-old founder of the News Corporation, resigned last week as a director of the NI Group, the Times Newspaper Holdings, and Newscorp Investments in Britain. Those companies are subsidiaries of the News Corporation, Mr. Murdoch's \$53 billion New York-based company whose assets include The Wall Street Journal, the Fox Broadcasting television networks and the 20th Century Fox film company.

Apparently eager to calm disquiet among thousands of staff members at the British newspapers, who received a corporate e-mail confirming Mr. Murdoch's moves on Saturday, the company offered assurances that Mr. Murdoch and his family had no immediate plans to sever their connection to the newspapers. The British newspapers were central to building Mr. Murdoch's fortune in the years after he expanded his media holdings beyond his native Australia, and before he moved on to expanding his empire with far more profitable enterprises in the United States.

"Last week, Mr. Murdoch stepped down from a number of boards, many of them small subsidiary boards, both in the U.K. and U.S.," a spokeswoman for News International, the British newspaper subsidiary of the News Corporation, said Saturday, speaking on the condition of anonymity in line with company policy.

She described Mr. Murdoch's resignations from the British directorships as "nothing more than a corporate housecleaning exercise" ahead of the restructuring announced last month that will split News Corporation into two separate entities. One company will consist primarily of newspapers and other print assets, while the other will own the far more profitable television and film enterprises. The latter businesses generated an operating profit of \$4.6 billion in the fiscal year that ended June 2011, more than five times what the publishing businesses earned.

The e-mail outlining the move to staff members said Mr. Murdoch would remain

personally involved in the British newspaper operations, enterprises he has often said were central to a lifelong passion for newspapering, as chairman of the newspaper and publishing business that will be set up as part of the split, according to an employee who did not want to be identified as discussing a confidential internal document.

Still, the move was a remarkable turnaround. Last February, Mr. Murdoch skipped the Oscars and flew to London to personally oversee the inaugural issue of the Sunday version of The Sun, pledging his "'unwavering support'" in a memo to employees.

The British newspapers, with which Mr. Murdoch has had a strong personal bond since moving his corporate base to London from Australia in the 1960s, have been badly tarnished in the past year by revelations of widespread phone hacking and other newsroom wrongdoing, particularly at The Sun and The News of the World, a 168-year-old tabloid that was one of the country's most profitable papers.

According to company officials who claim to be familiar with his thinking, the scandal has convinced Mr. Murdoch that the British newspapers, including The Times and The Sunday Times, which have been racking up tens of millions of dollars in losses in recent years, have become a financial and reputational drag on the News Corporation's other holdings. On both sides of the Atlantic, there has been mounting speculation among corporate analysts that he would seek to sell the newspapers once dozens of impending lawsuits stemming from the phone-hacking have been concluded.

The scandal has led to a wide-ranging investigation by Scotland Yard, whose investigators have been looking into allegations that the Murdoch-owned newspapers illegally intercepted the voice mail messages of hundreds of people, including politicians, athletes, celebrities and crime victims, and that the wrongdoing extended to computer hacking and payments to public officials, including police officers, in search of scoops.

The scandal prompted Mr. Murdoch to close The News of the World last summer, and led in recent months to the arrest of about 50 people, many of them executives, editors and reporters at the Murdoch-owned newspapers, on suspicion of criminal activities. In recent weeks, some of those arrested have been formally charged, including Rebekah Brooks, who resigned as chief executive of News International when the scandal broke last year.

Ms. Brooks and her husband, Charlie Brooks, a racehorse trainer, have been charged with conspiracy to pervert the course of justice. Both have been close friends of Prime Minister David Cameron, whose government has been caught in a bitter controversy over the web of connections among Britain's newspapers, politicians and the police. The ramifications have been explored for the past nine months by a judge-led inquiry into the scandal that has produced a drumbeat of embarrassing headlines for Mr. Cameron and the Conservative Party, as well as for his Labour Party predecessors as prime minister, Gordon Brown and Tony Blair.

Company representatives did not return messages seeking further comment on Mr. Murdoch's resignation from the British corporate boards on Saturday evening.

Before his resignation from the British directorships became public, Mr. Murdoch had signaled a waning interest in his British operations.

In the wake of announcement that News Corporation would split, he told the Fox Business channel that he had decided to step back from efforts to acquire all of British Sky Broadcasting, or BSkyB, a British satellite television network that is 39 percent owned by the News Corporation. The abandonment of a \$12 billion offer to

acquire the remaining shares in the company, announced as the phone hacking scandal grew last year, was part of the heavy price the Murdochs have paid for the tabloid scandal.

Referring to billions of dollars that the News Corporation had amassed for the BSkyB bid, Mr. Murdoch said, ''If Britain doesn't want them, we'll invest them here. I'm much more bullish about America than I am about England.''

It was not immediately clear whether Mr. Murdoch's American newspaper and publishing interests would be affected by the moves announced Saturday.

URL: <http://www.nytimes.com>

LOAD-DATE: July 22, 2012

LANGUAGE: ENGLISH

GRAPHIC: PHOTO: Rupert Murdoch with his new The Sun on Sunday in February.
(PHOTOGRAPH BY CARL COURT/AGENCE FRANCE-PRESSE -- GETTY IMAGES)

PUBLICATION-TYPE: Newspaper

Copyright 2012 The New York Times Company

EXHIBIT DD

1 of 1 DOCUMENT

The Observer (England)

July 17, 2011

National: News International scandal: 9/11 phone hack claim divides US politicians: The News Corp scandal has crossed the Atlantic, with Democrats leading the charge

BYLINE: Paul Harris, New York

SECTION: OBSERVER HOME NEWS PAGES; Pg. 8

LENGTH: 568 words

The battle over Rupert Murdoch's News Corporation is splitting American politics along party lines, with senior Democrats calling for investigations into the company while some senior Republicans play down the crisis.

Allegations that News International reporters may illegally have attempted to obtain the phone numbers of 9/11 victims have prompted an FBI probe into the company, which last week launched a preliminary investigation into the allegations. But a backlash has begun, focusing on the source of the claim: a single story in the Daily Mirror

The former Republican presidential candidate Senator John McCain has criticised the decision to investigate, saying there is little evidence so far that the problem of phone hacking had spread to the US and the probe was unjustified. "It seems to me that this is a British issue that needs to be resolved first," he told Sky News. "I've heard of no evidence or allegation yet of anything being done in the United States of America."

His defence is significant not only because he is a senior Republican but also because he has criticised News Corp in the past. In 2001, he publicly questioned its plans to take over the satellite television service DirecTV, citing concerns over media consolidation.

The Washington Post yesterday criticised the Mirror report, saying it "appears to be based on a shaky foundation. The Mirror names no specific sources in its reporting, and it relies on a single anonymous second-hand source for its account."

More predictably, support has also come from News Corp's right-leaning cable channel Fox News, where there has been a reluctance to devote as much time to the story as other outlets, especially the left-leaning MSNBC network. A recent episode of the show Fox and Friends featured a media consultant, Robert Dilenschneider, who said that the scandal was being overplayed and Murdoch had "done all the right things".

Though one Republican congressman, Peter King, has been influential in calling for probes into News Corp, the bulk of the anger has come from Democrats. Four Democratic senators have written letters to the department of justice and the

securities and exchange commission asking for investigations. They include powerful figures such as California senator Barbara Boxer and West Virginia senator Jay Rockefeller, who chairs the influential senate commerce committee.

At the same time John Podesta, a former Clinton chief of staff who is close to Obama, has come out swinging against News Corp. In an interview in Canada last week, he attacked Fox News and declared that the company might have broken US laws if it paid bribes to police in Britain. "This is not one rogue editor. This is an empire that was built on a set of journalistic ethics that's beginning to explode and unravel," he said.

Liberal campaigning groups have mobilised against News Corp: a protest was organised last week outside Rupert Murdoch's New York apartment, and there is a petition drive calling for an official investigation into the company. There has also been a focus on the company's political contributions, notably to the Republican Governors Association and the US Chamber of Commerce. That issue may prove less suitable for clear-cut campaigning, however, because News Corp has given money to politicians from both parties in the past.

Captions:

Republican senator John McCain has criticised the decision to investigate. Getty

LOAD-DATE: July 17, 2011

LANGUAGE: ENGLISH

PUBLICATION-TYPE: Newspaper

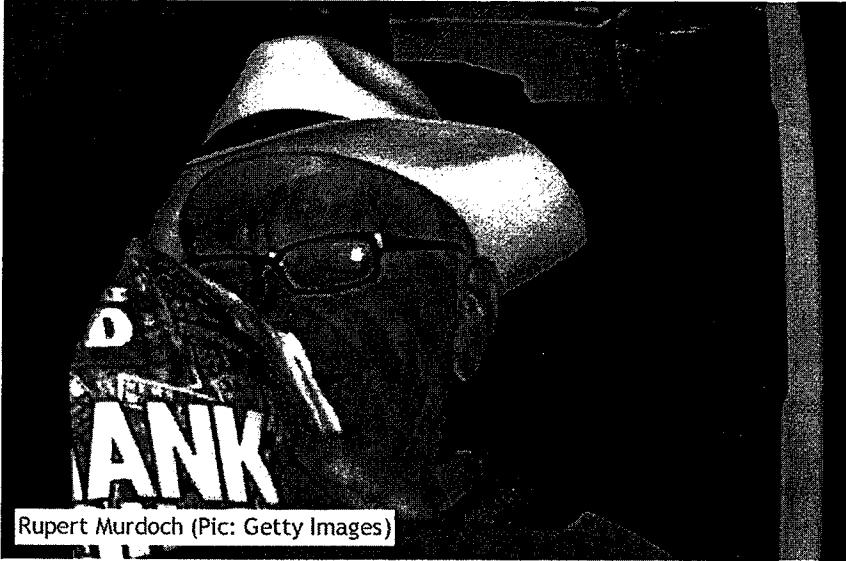
Copyright 2011 Guardian Newspapers Limited
All Rights Reserved

EXHIBIT EE

Phone hacking: 9/11 victims 'may have had mobiles tapped by News of the World reporters'

HIS media empire is crashing around him, he's just shut down a scandal-hit newspaper and his BSkyB bid is in tatters, but Rupert Murdoch still came out grinning yesterday.

Like 2 Send 0



Rupert Murdoch (Pic: Getty Images)

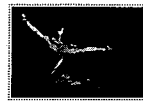
DESPERATE Rupert Murdoch yesterday flew to London to try to save his - crumbling empire.

He arrived in a cowboy-style hat to be hit by claims News of the World reporters hacked the phones of 9/11 victims.

Murdoch held talks with News International chief executive Rebekah Brooks, amid fears nine staff and three cops may face jail.

HIS media empire is crashing around him, he's just shut down a scandal-hit newspaper and his BSkyB bid is in tatters, but Rupert Murdoch still came out grinning yesterday.

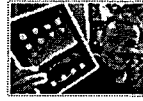
And this cosy picture of him giving his backing to smiling Rebekah Brooks will no doubt infuriate the 200 loyal staff at the defunct News of the World who were sacrificed while she clung to her job.



[A Testosterone Trick They Don't Want You to Know](#)



[How Cruise Lines Fill All Those Unsold Cruise Cabins](#)



[How New iPads are Selling for Under \\$40](#)

RECOMMENDED IN NEWS [Why?](#)



[RSPCA](#)
["A long, lingering, gruesome death": Man jailed for beating puppy to death with baseball bat](#)



[Elvis Presley](#)
[Shooting TVs, whole loaf sandwiches and a sexually aggressive pet monkey: Weirdest ever Elvis Presley rumours](#)



[Holiday deals](#)
[Size does matter: New website reveals airline hand luggage restrictions](#)

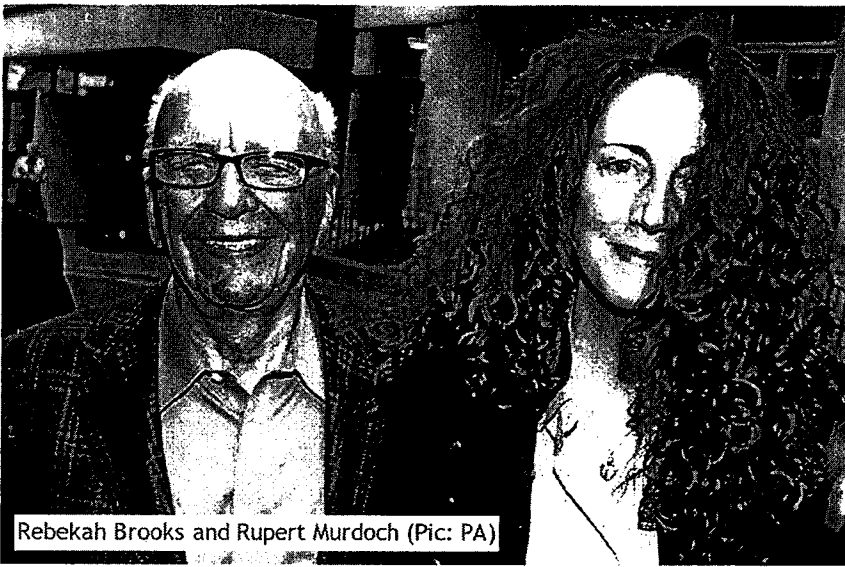


[Human rights](#)
['Pure torture': Locked-in syndrome sufferer Tony Nicklinson loses right to die legal battle](#)



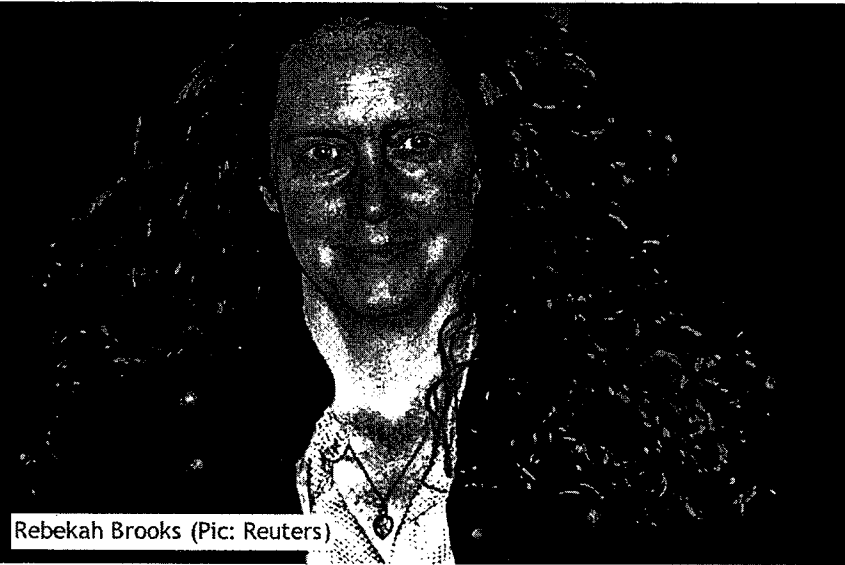
[Miracle babies](#)
[Little miracle: Baby born with a cyst the size of a melon on her face survives life-saving surgery](#)

[Dogs](#)



Rebekah Brooks and Rupert Murdoch (Pic: PA)

As Labour leader Ed Miliband vowed to scupper Mr Murdoch's bid to own all of BSkyB, the News Corp boss seemed to brush off his troubles to joke with the under-fire News International chief executive - who was editor when murdered teenager Milly Dowler's phone was hacked. Asked what his first priority was, he gestured at Mrs Brooks and said: "This one."



Rebekah Brooks (Pic: Reuters)

Mr Murdoch arrived in London yesterday, wearing a Panama hat and clutching a final copy of the News of the World, in a bid to save his crumbling organisation after the phone-hacking scandal saw the 168-year-old paper axed.

But he flew straight into another storm as it was claimed 9/11 victims may have had their mobiles tapped by News of the World reporters. And there was more bad news when it was revealed nine reporters allegedly at the centre of the phone scandal and claims of police corruption could face jail, along with three officers.

After he spent time at News International's Wapping HQ in East London, 80-year-old Mr Murdoch held crisis talks with Mrs Brooks, 43 - who denies any knowledge of the Milly phone tapping - at his home in Mayfair.

The pair chatted behind closed doors as a former New York cop made the 9/11 hacking claim. He alleged he was contacted by News of the World journalists who said they would pay him to retrieve the private phone records of the dead.

Now working as a private investigator, the ex-officer claimed reporters wanted the victim's phone numbers and details of the calls they had made



Spike strikes again! Second dog left with FIVE HUNDRED quills stuck in her face after run in with a porcupine



Jeremy Clarkson "Britain is a nation of 62 million complete and utter b****ds": Jeremy Clarkson's rant at 'evil' UK



Diamond Jubilee tour Royal tea for three? Win the chance to have a cuppa with Prince William and Kate Middleton



Viral Going down: Cockpit footage shows plane's shocking fall from the sky... with passengers having a miracle escape



Education Child genius: Maths prodigy, 14, set to be one of UK's youngest ever undergraduates after achieving A* A-level results

DIETING OFFER



Weight Watchers Monthly Pass

No reg fee and your first month just £14.95

COMPARE CREDIT CARDS



Find the best deal

Get the card that's right for you

RECOMMENDED ON THE MIRROR

Why?

and received in the days leading up to the atrocity.

A source said: "This investigator is used by a lot of journalists in America and he recently told me that he was asked to hack into the 9/11 victims' private phone data. He said that the journalists asked him to access records showing the calls that had been made to and from the mobile phones belonging to the victims and their relatives.

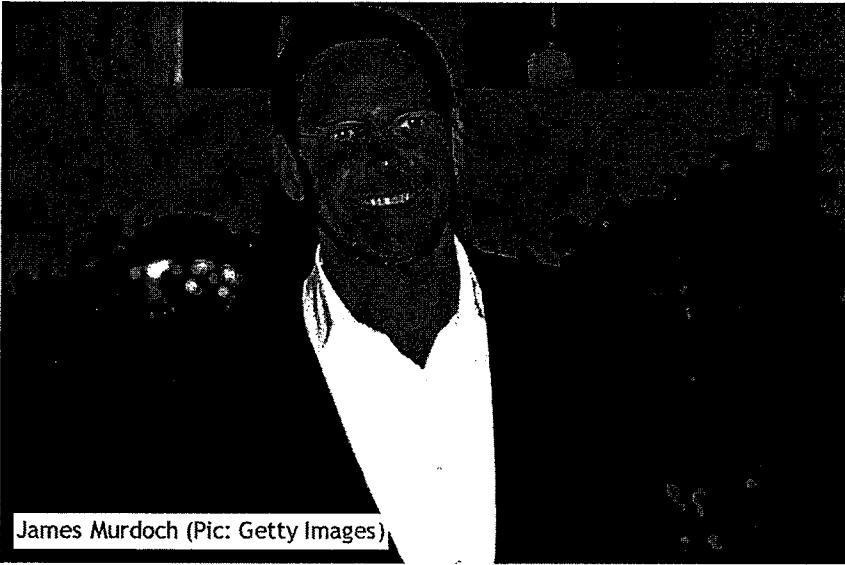
"His presumption was that they wanted the information so they could hack into the relevant voicemails, just like it has been shown they have done in the UK. The PI said he had to turn the job down. He knew how insensitive such research would be, and how bad it would look.

"The investigator said the journalists seemed particularly interested in getting the phone records belonging to the British victims of the attacks."

The News of the World was shut after 11,000 documents seized from a private investigator revealed the ugly truth behind many of its scoops.

One police source said: "These documents show the hacking was not just one or two attempts at accessing voicemails. More than 4,000 people had their phone hacked. This was hacking on an industrial scale."

Mr Murdoch's son James, who is chairman of News International, admitted to approving out of court settlements to hacking victims and misleading Parliament - which he claims was not deliberate.



James Murdoch (Pic: Getty Images)

The fresh tapping claims prompted Mr Miliband to declare war on Mr Murdoch's bid to control BSkyB.

In his most outspoken attack on the media mogul yet, he said yesterday: "The idea that this organisation, which has engaged in these terrible - practices, should be allowed to take over BSkyB... without that criminal investigation having been completed, and on the basis of assurances from that self-same organisation... frankly that won't wash with the public."

Labour will table a motion on Wednesday calling on Culture Secretary Jeremy Hunt to delay signing off the takeover deal until the criminal investigation into the hacking allegations is wrapped up. Lib Dem ministers are thought to be prepared to back the Labour leader.

Deputy Prime Minister Nick Clegg and Business Secretary Vince Cable are said to be "totally united" against the bid.

London 2012 Olympics

Free Olympics
souvenir
magazine inside
the Daily Mirror



Chris Brown
Most expensive
night out ever?
Drake and Chris
Brown face
\$16m lawsuit
after club brawl



Sunderland AFC
Knowing me,
knowing you:
Saha signs for
Sunderland on
free transfer



RSPCA
"A long,
lingering,
gruesome
death"; Man
jailed for
beating puppy to
death with
baseball bat



Robin van Persie
transfer
Video special:
Arsenal fans
burn Robin van
Persie shirts
(with varying
degrees of
success)



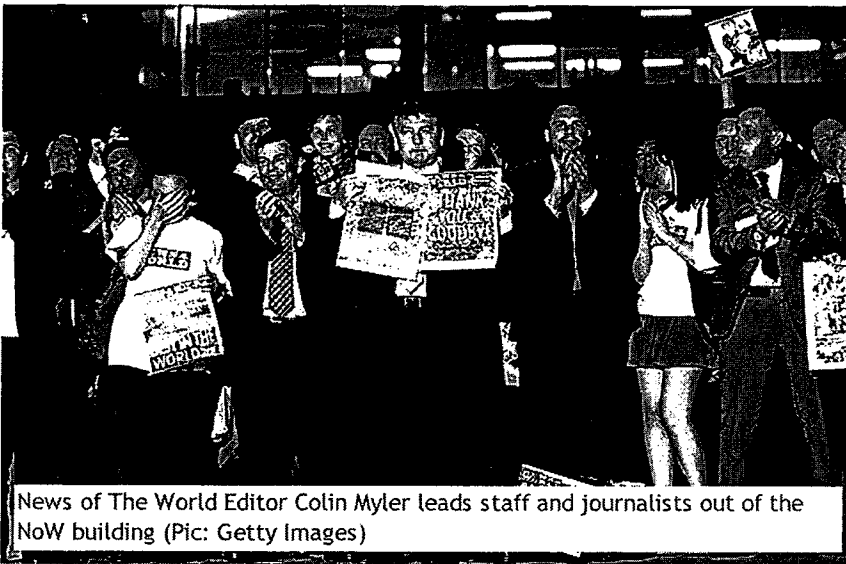
England v South
Africa cricket
Flying Finn
strikes for
England: Hosts
reduce Proteas
to 65-4 at lunch



Elvis Presley
Shooting TVs,
whole loaf
sandwiches and
a sexually
aggressive pet
monkey:
Weirdest ever
Elvis Presley
rumours

Holiday deals

Size does
matter: New



News of The World Editor Colin Myler leads staff and journalists out of the NoW building (Pic: Getty Images)

Lib Dem deputy leader Simon Hughes lent his support yesterday. He said: "I will be suggesting to my colleagues that we as a party, a party that's never been close to Murdoch, should make clear that we think there should be a postponement of the decision."

Mr Murdoch also owns the Sun, the Times and the Sunday Times.

Former News of the World editor Andy Coulson, 43, was arrested on Friday over phone hacking and police corruption allegations.

Ex-royal editor Clive Goodman, 53, was also held along with a unnamed 63-year-old man. All three were freed on police bail after being quizzed by officers.

Mr Coulson was hired as David Cameron's press aide, despite warnings to the PM over his possible knowledge of the hacking while at the News of the World.

And last night criticism of Mr Cameron's judgment grew louder as senior political figures lined up to reveal they had urged him not to take Mr Coulson into government.

Lib Dem Lord Paddy Ashdown and Energy Secretary Chris Huhne claimed they warned the PM after the election - but were ignored.

Mr Huhne said: "Well I raised it with Nick and Nick raised it with the Prime Minister and it was made clear to us that this was a personal appointment to the Prime Minister.

"It wasn't a Government appointment and therefore we didn't have any standing to object to it, but it was very clear from what I had said previously that I think there were big reputational risks.

"The Prime Minister has said that he wanted to give Andy Coulson a second chance and that's very commendable. The reality is that there were very serious risks being run there. We knew with Andy Coulson that anybody in charge of a newspaper needs to know what's going on and at the very least either Andy Coulson was complicit in criminal acts or, alternatively, he was a very incompetent editor by the standards of Fleet Street."

Milly Dowler's parents Sally and Bob and sister Gemma are due to meet Mr Clegg today. They will also see Mr Cameron later in the week, Downing Street has said.

2 0

Like

[Find the best deal](#)



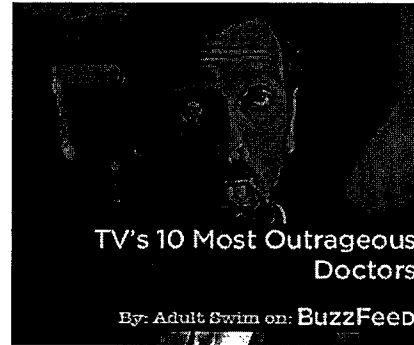
[website reveals
airline hand
luggage
restrictions](#)



[Human rights
'Pure torture':
Locked-in
syndrome
sufferer Tony
Nicklinson loses
right to die legal
battle](#)



[Miracle babies
Little miracle:
Baby born with
a cyst the size
of a melon on
her face survives
life-saving
surgery](#)



TV's 10 Most Outrageous
Doctors

By: Adult Swim on: BuzzFeed



Our comparison service can help you choose

FROM AROUND THE WEB:



[Kerri Walsh Tattoo Picture \(Zimbio\)](#)



[British man sentenced to four years for linking to pirated content \(Digital Trends\)](#)



[Pictures of the London Olympic Mishaps \(SI.com\)](#)



[Off-Duty Cop Crashes Motorcycle Into Little Girl Then Kills Her Enraged Dad \(CafeMom\)](#)

[2]

ADS BY GOOGLE

ING DIRECT Investing

Buy Stocks for \$4 - No Minimums. \$100 Account Bonus. Learn More!

www.sharebuilder.com/ingdirect

Is He Cheating On You?

1). Enter His Email Address 2). See Hidden Pics & Social Profiles Now!

Spokeo.com/Cheating-Spouse-Search

Online Cooking Lessons

Ready To Get Cooking? Enroll Today! Escoffier Online Culinary Academy.

www.escoffieronline.com



Send smiles today

Save \$10 on \$59⁹⁹ & up

Shop Now >

EXHIBIT FF

[Click here to print](#)

MailOnline

Will Jude Law's claim his phone was hacked in New York mean Murdoch will face court in U.S?

- Actor says his phone was hacked on arrival at JFK airport
- First specific claim of hacking on American soil
- Alleged use of U.S. cell phone network would break federal law
- Murdoch empire already 'unravelling' after departure of Dow Jones CEO Les Hinton

By [Daily Mail Reporter](#)

UPDATED: 07:58 EST, 17 July 2011



Legal action: Jude Law says he and his personal assistant's phones were hacked when he arrived at JFK airport

Rupert Murdoch's News Corp empire could face charges in America over phone hacking scandal after it was claimed that The News of the World hacked into Jude Law's phone while he was in the United States.

It is the first specific case of hacking on U.S. soil leaving the company open to prosecution under federal law.

The alleged hacking of Law and his personal assistant Ben Jackson took place shortly after they arrived at JFK airport, meaning their phones were operating in U.S. mobile networks.

Prosecutions and costly law suits could be launched in the U.S. regardless of where the hacker was based.

The company is already facing investigations by the FBI and Attorney General over claims the relatives of 9/11 victims were hacked.

Murdoch's American empire is also said to be 'exploding and unravelling' as he faces the threat of losing control of his Fox and other cable networks if found guilty of breaching anti-corruption laws.

One of the tycoon's most senior deputies Les Hinton has already quit as CEO of Dow Jones, which published the Wall Street Journal. He was chairman of the UK subsidiary News International when the hacking took place.

He said he had no knowledge of the hacking.

Law, 38, who is also suing the News of the World's stablemate The Sun, claims that the Sunday tabloid hacked into his phone and used the messages for four articles in 2005 and 2006.

The hacking is alleged to have taken place when he was staying in New York en route to Canada to film I Heart Huckabees.

The story claimed that Law had sent his personal assistant ahead when he arrived at JFK to check for waiting photographers and ring him if it was safe to emerge. A News of the World reporter watched Law arrive at the airport.





Crumbling empire: Rupert Murdoch has already seen Dow Jones CEO Les Hinton, right, resign amid claims he could lose control of his U.S. cable networks

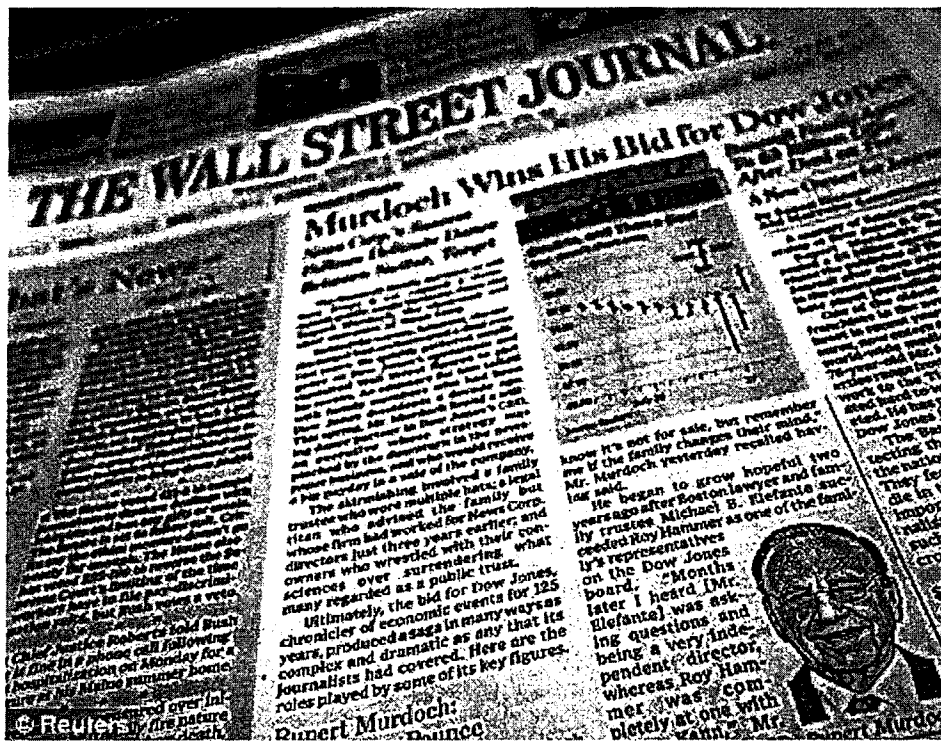
The News of the World story said: 'The star ... refused to leave the baggage reclaim hall until Ben had spent 20 minutes scouring the arrivals lounge. Ben rang Jude on his mobile to confirm the coast was clear.'

It also detailed where Law was staying and how much his hotel bill came to.

The story went on to give details of Law's arrival at The Carlyle Hotel that evening. It also gave the number of the room where Law was staying and how much he spent on room service.

Brian Kabateck, a Los Angeles lawyer who has represented victims of phone hacking in the U.S. told the Daily Telegraph: 'If phones or messages were hacked while these individuals were here in the US, this would clearly be a criminal offence under the federal wiretap acts.'

'The authorities take this very seriously here. As well as being an offence under federal status, the victims would also have the right to bring a civil damages case.'



Splash: Front page of the August 1, 2007 edition of the Wall Street Journal reporting that Rupert Murdoch's News Corp will purchase Dow Jones & Co

As well as civil cases in the U.S., News Corp could face prosecution under the 1977 Foreign Corrupt Practices Act which makes it illegal for American firms to bribe foreign officials after the company allegedly paid British police officers for information.

Salt was rubbed into the wound by comments from John Podesta, president of the Centre for American Progress, a liberal think tank, and the man who helped Obama's transition to the White House in 2008.

He told the Globe and Mail: 'This is not one rogue editor. This is an empire that was built on a set of journalistic ethics that's beginning to explode and unravel.'

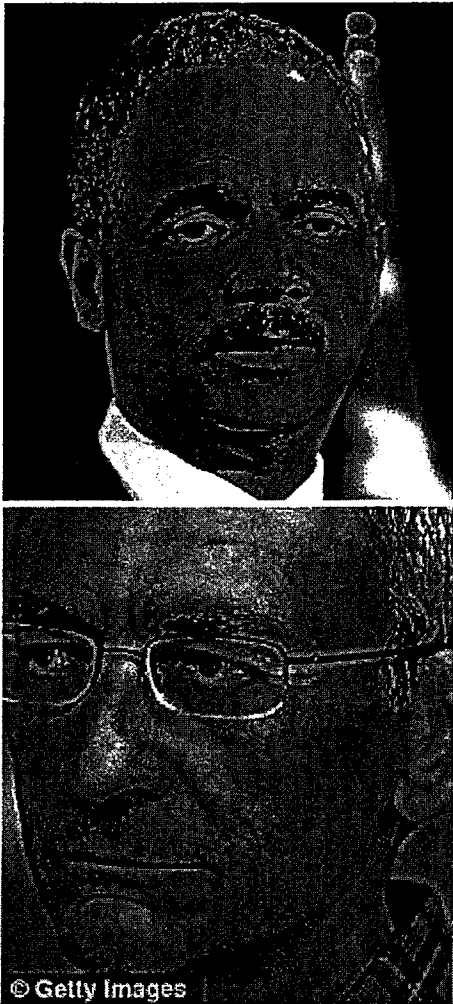
'They were routinely bribing public officials. We've called attention to the fact that this story is going to go on for a while, this is not a two-week story, I don't think.'

He is one of a number of senior Democrats hoping Murdoch's U.S. empire will fall in the wake of the scandal.

The White House has long fought with Fox News, owned by News Corporation, and boycotted the channel for a time.

Now there are increasing signs Murdoch could lose control of all his cable channels in America, which include National Geographic and FX as well as Fox.

Under federal law, holders of television and radio stations licences have to undergo character tests to show they are fit and proper to be media owners.



Probe: Attorney General Eric Holder is considering launching a formal investigation into claims News Corp, for which John Podesta, of the Centre for American Progress, predicts a dire future

Murdoch seems unlikely to pass those tests if Wall Street's fierce regulator, The Securities and Exchange Commission, seeks to enforce the part of the foreign bribery law that requires companies to keep accurate books, according to the Los Angeles Times.

If it is proven that a company violates this and U.S anti-bribery provisions, there is a penalty of up to \$2m, and if convicted, employees could face up to five years in prison.

Julius Genachowski, chairman of the Federal Communications Commission, reportedly said this week the allegations should be investigated, but did not say whether his organisation would launch such a probe.

Yesterday Mr Holder confirmed the Department of Justice is responding to calls from lawmakers to investigate claims News Corporation hacked into the phones of 9/11 victims.

At a press conference in Sydney, he said: 'There have been serious allegations raised in that regard in Great Britain; there is an ongoing investigation.

'There have been members of Congress in the United States who have asked us to investigate those same allegations. And we are progressing in the regard using the appropriate federal agencies in the

United States.'

He also confirmed reports yesterday that the FBI has launched its own informal probe into the allegations.



Jeopardised: Any convictions against News Corporation could make obtaining television licenses for broadcasting programmes difficult

It comes as senior Democrats questioned whether Murdoch's American papers, such as the New York Post and the Wall Street Journal, may also have engaged in telephone hacking.

The Democratic Senate Campaign Committee has already launched an online petition to demand the truth from Murdoch.

It reads: 'It's time for Rupert Murdoch to come clean and immediately tell the American people whether his company targeted any American's here at home. Sign our petition to demand the truth.'

Representative Peter King wrote: 'If these allegations are proven true the conduct would merit felony charges for attempting to violate various federal statues related to corruption of public officials and prohibitions against wiretapping.

'Any person found guilty of this purported conduct should receive the harshest sanctions available under law.'

A spokesman for News International denied the new claims against the Sun, Britain's best selling daily newspaper.

The company issued a statement saying: 'We believe this is a deeply cynical and deliberately mischievous attempt to draw The Sun into the phone-hacking issue.'

'By their own admission, News International have misled the police, parliament and the public for nearly five years about the extent of the wrongdoing by their journalists and executives.

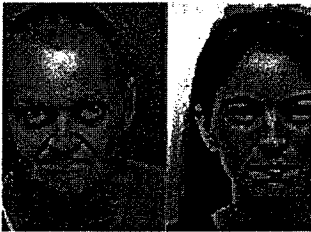
Some in the business world think Murdoch's days are numbered at the helm of News Corporation.

Porter Bibb, managing partner at Mediatech Capital Partners, was reported as saying: 'It is very likely, there will be at some point... an entire new management.'

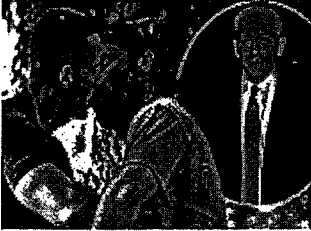
'It's a fine company, it has great assets and a terrific future but Murdoch's influence despite his de facto ownership is going to being diminished.'

MOST READ NEWS

- [Previous](#)
- [1](#)
- [2](#)
- [3](#)
- [4](#)
- [Next](#)



- [Mother, 29, and her boyfriend, 62, 'repeatedly raped her...](#)



- [Look away now Anderson! Cooper's boyfriend spotted kissing...](#)



- ['She is my heart and I am her legs': Devoted dad runs...](#)



- [Chad 'Ochocinco' Johnson 'cheated with mistress for four...](#)



- [Don't turn out the light! Terrifying photos of ghosts that...](#)

EXHIBIT GG

[Sign into the Guardian using your Facebook account](#)

theguardian

News Corp faces growing threat of phone-hacking lawsuits in US

Lawyers preparing News of the World phone-hacking claims in New York

Josh Halliday and Ed Pilkington
guardian.co.uk, Friday 13 April 2012 02.50 EDT



News Corporation headquarters in Manhattan: Murdoch's US empire is facing the growing threat of legal action over NoW phone-hacking scandal. Photograph: Mario Tama/Getty Images

Rupert Murdoch's [News Corporation](#) is facing the growing threat of legal action in the US after two prominent lawyers said they were preparing [News of the World](#) phone-hacking claims in New York.

Mark Lewis, the lawyer behind many phone-hacking claims in the UK, flew to the US on Thursday for legal discussions about four potential actions against News Corp in the [United States](#).

A second London lawyer is understood to have started exploring the possibility of legal proceedings over alleged phone hacking across the Atlantic. This lawyer, who declined to be named because proceedings had not been filed, claimed there was "considerable evidence" that a celebrity client had had voicemail messages intercepted by the now closed News of the World while on US soil.

The fresh legal moves mark a broadening of the attack on Murdoch's media empire, whose multimillion-dollar US headquarters has so far remained untouched by the scandal that has engulfed the group's UK newspaper operation.

The potential US lawsuits are understood to relate mainly to public figures who believe their phones were hacked while in America, where voicemail interception could constitute a violation of US telecommunications and privacy laws.

Lewis will next week begin discussions with his New York-based legal partner Norman Siegel, former director of the New York Civil Liberties Union, over the details of US law as it applies to phone hacking.

One of the legal issues being explored by those preparing fresh lawsuits in the US is the rule over so-called "double recovery": that is, whether or not a claimant is able to win damages from a defendant in a foreign jurisdiction following earlier action in a different country.

It is also understood that a US citizen had his or her phone hacked while in America as a result of hacking into the transatlantic conversation of a foreign-based celebrity who was a friend of the victim.

So far, the US component of the hacking scandal has been confined to an FBI and department of justice investigation under the Foreign Corrupt Practices Act, which forbids corporations headquartered in the US from indulging in acts of bribery or corruption abroad. Any lawsuit that flows from Lewis's US activities would take the scandal to another level by becoming the first legal action within the US.

The legal moves carried out in America come as phone hacking lawyers prepare a fresh tranche of civil claims in the high court in London.

News Group Newspapers, the News International subsidiary that published the News of the World, could face up to 200 more civil actions, with figures including Cherie Blair, the wife of the former Labour prime minister, singer James Blunt, Ukip leader Nigel Farage, and Alex Best, the wife of the ex-Manchester United footballer George Best, having already filed claims.

Ads by Google

Dinner With Barack Obama

Learn how you can have dinner with President Obama.

barackobama.com/dinner-with-barack

Mitt Romney and GST Steel

Trying to save a closing plant Learn the truth about GST Steel

www.MittRomney.com

Filing for Bankruptcy?

Call for a free phone consultation (571) 921-9990 in Tysons VA

www.kohlfirm.com

© 2012 Guardian News and Media Limited or its affiliated companies. All rights reserved.

EXHIBIT HH

1 of 1 DOCUMENT

Los Angeles Times

July 15, 2011 Friday
Home Edition**FBI opens inquiry into Murdoch's News Corp.****BYLINE:** Richard A. Serrano, Jim Puzzanghera and Kim Geiger**SECTION:** MAIN NEWS; National Desk; Part A; Pg. 1**LENGTH:** 1309 words**DATELINE:** WASHINGTON

The phone hacking scandal that has ignited a political firestorm in Britain jumped the Atlantic on Thursday as the FBI opened an investigation into whether British reporters tried to access cellphone messages and records of victims of the Sept. 11, 2001, terrorist attacks in violation of U.S. law.

The preliminary probe further rattled the New York-based global media empire of Rupert Murdoch, who was forced this week to withdraw his \$12-billion bid to take over Britain's largest satellite broadcaster, and raises new questions about the future of News Corp.

U.S. officials said the FBI is trying to determine if a full investigation is warranted, and no evidence has yet emerged to confirm that News Corp. employees sought to hack phones in the United States. But the unfolding scandal sent the company's battered stock down another 3% in trading.

The FBI's New York field office launched the investigation after several members of Congress urged an inquiry into British media reports that journalists at News Corp.'s recently closed News of the World tabloid in London had tried to gain access to phones of Sept. 11 victims and the families of those who died, according to federal law enforcement officials.

"We are doing this based on their requests," said one official, who requested anonymity because the investigation is underway. "But after reviewing the letters and their allegations, and after consultation with the U.S. Attorney's office in New York, we are proceeding."

Felony convictions in a U.S. court could imperil the 27 federal licenses that News Corp. uses to operate TV stations across the country. The stations are part of the Fox Broadcasting Co. network.

Overall, News Corp.'s U.S. holdings are larger and more profitable than those in Britain. They include the 20th Century Fox movie studio, the Wall Street Journal and New York Post newspapers, and HarperCollins Publishers.

Facing an angry backlash by lawmakers on both sides of the Atlantic, Murdoch told the Wall Street Journal on Thursday that corporate executives would create an independent, internal committee to "investigate every charge of improper conduct."

Murdoch defended his company's handling of the widening controversy, saying executives had made only "minor mistakes."

Murdoch said he was "getting annoyed" with press coverage of the scandal, but said, "I'll get over it." He predicted that the financial and political damage to News Corp. was "nothing that will not be recovered."

A News Corp. spokesman said the company had no public comment on the FBI investigation.

Separately in Britain, Murdoch and his son James, after initially refusing a summons, agreed to appear Tuesday before a committee in Parliament that is investigating the alleged phone hacking and police bribery there. Rebekah Brooks, who heads the company's British newspaper division, also agreed to testify. She was editor of the News of the World when some of the hacking allegedly occurred, but has denied any knowledge of it.

News Corp. has faced a deepening crisis in Britain since reports in a rival publication that News of the World reporters hacked into the phone of a teenager kidnapped in 2002 who was later found slain, and may have impeded a police investigation into the girl's disappearance. The pressure intensified Thursday with the arrest of former News of the World executive editor Neil Wallis, the 9th person who worked at the tabloid to be detained by police.

In a letter Wednesday to FBI Director Robert S. Mueller III, Rep. Peter T. King (R-N.Y.), who chairs the House Homeland Security Committee, had cited reports that News of the World journalists "attempted to obtain phone records of victims of the terrorist attacks of Sept. 11th through bribery and unauthorized wiretapping."

King also cited reports that the reporters had solicited a New York police officer "to gain access to the content of private phone records" of the Sept. 11 victims.

"It is revolting to imagine that members of the media would seek to compromise the integrity of a public official for financial gain in the pursuit of yellow journalism," King wrote. "The 9/11 families have suffered egregiously, but unfortunately they remain vulnerable against such unjustifiable parasitic strains."

Paul Browne, deputy commissioner of public information for the New York Police Department, said the officer referred to in the reports was no longer a city employee and now works as a private investigator. It was in that capacity that the newspaper was reportedly soliciting help from the ex-officer, Browne said.

"He allegedly was approached by them," Browne said.

Browne added that at this point, "we have no inquiry" underway at the NYPD, deferring instead to federal investigators.

Other members of the House and Senate from both parties called for congressional investigations, adding to the political cast of the scandal. No hearings have been scheduled, however.

Rep. Bruce Braley (D-Iowa) sent a letter to Rep. Darrell Issa (R-Vista), who chairs the House Oversight and Government Reform Committee, asking for an investigation

into "whether victims of the September 11, 2001 attack and other U.S. citizens had their cell phones targeted by News Corporation."

Rep. Anna G. Eshoo (D-Menlo Park) made the same request of Rep. Fred Upton (R-Mich.), chairman of the House Energy and Commerce Committee. News Corp. is "a very, very powerful journalism organization ... and we should at least investigate to determine if this happened on this side of the pond as well," she said.

Rep. Mary Bono Mack (R-Palm Springs), chairwoman of a House subcommittee that deals with telecommunications issues, contacted News Corp. to ask if the company's reporters had used hacking techniques that may violate U.S. privacy laws.

"They have been cooperative and assured congresswoman Bono Mack that this is not a U.S. problem," said Ken Johnson, senior advisor to Bono Mack.

Separately, lawmakers called for the FBI, Justice Department and the Securities and Exchange Commission also to investigate whether U.S.-based News Corp. violated the Foreign Corrupt Practices Act, which forbids bribery of foreign officials to obtain or retain business.

Legal experts said that if News Corp. journalists bribed London police, the company and its employees could be criminally prosecuted. But with British authorities already pursuing the case, it would be unusual for the U.S. to get involved.

"I don't think the Justice Department would be in a rush to insert itself" in a British bribery case, said Richard Cassin, a Charlottesville, Va., lawyer who helps clients comply with the Foreign Corrupt Practices Act.

"But because of the disgusting allegations, the public revulsion and the political hornet's nest that all of this created, the Justice Department may feel pressure to get involved," he added.

The SEC could seek to enforce the part of the foreign bribery law that requires companies to keep accurate books, Cassin said. If News Corp. employees disguised bribe payments with accounting tricks, the SEC may have grounds to fine the company.

An SEC spokesman declined to comment on the case.

Violations of U.S. anti-bribery provisions carry penalties of up to \$2 million. If convicted, employees could face up to \$250,000 in fines and five years in jail.

Such convictions could jeopardize News Corp.'s TV licenses. Federal law contains character requirements for holders of licenses for television and radio stations. Felony convictions are grounds for revocation or could be cited to prevent renewals, although such moves are rare.

Asked about the controversy at a congressional hearing Thursday, Federal Communications Commission Chairman Julius Genachowski said the allegations should be investigated but he did not say that his agency would start such an inquiry.

--

richard.serrano@latimes.com

jim.puzzanghera@latimes.com

kim.geiger@latimes.com

LOAD-DATE: July 15, 2011

LANGUAGE: ENGLISH

GRAPHIC: PHOTO: FATHER AND SON: Rupert and James Murdoch, shown in a photo last year, had initially refused a summons but agreed to appear next week before a Parliament panel investigating allegations against News Corp. PHOTOGRAPHER: Adrian Dennis AFP/Getty Images

PUBLICATION-TYPE: Newspaper

Copyright 2011 Los Angeles Times
All Rights Reserved

EXHIBIT II



One Hundred Twelfth Congress
U.S. House of Representatives
Committee on Homeland Security
Washington, DC 20515

July 13, 2011

The Honorable Robert S. Mueller, III
Director
Federal Bureau of Investigation
935 Pennsylvania Avenue, N.W.
Washington, D.C. 20535-0001

Dear Director Mueller:

I am writing to urge that the FBI immediately commence an investigation of News Corporation pertaining to recent media reports alleging that journalists working at the *News of the World*, a News Corp. subsidiary, attempted to obtain phone records of victims of the terrorist attacks of September 11th through bribery and unauthorized wiretapping. I make this request not only as the Chairman of the House Committee on Homeland Security, but as a Member of Congress who represents a district that lost more than 150 constituents in those terrorist attacks. It is my duty to discern every fact behind these allegations.

According to the recent reports, journalists working for the *News of the World* solicited a New York police officer to gain access to the content of private phone records of 9/11 victims from the days leading to the attacks. It is revolting to imagine that members of the media would seek to compromise the integrity of a public official for financial gain in the pursuit of yellow journalism. The 9/11 families have suffered egregiously, but unfortunately they remain vulnerable against such unjustifiable parasitic strains. We can spare no effort or expense in continuing our support for them.

If these allegations are proven true, the conduct would merit felony charges for attempting to violate various Federal statutes related to corruption of public officials and prohibitions against wiretapping. Any person found guilty of this purported conduct should receive the harshest sanctions available under law.

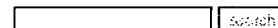
I look forward to receiving your response on this request, as well as any updates related to your investigations as they become available. Thank you for your consideration of this urgent matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter T. King".

PETER T. KING
Chairman

EXHIBIT JJ



Press Release of U.S. Senator Barbara Boxer

For Immediate Release:
July 13, 2011

Contact:
Washington D.C. Office (202) 224-3553

Boxer, Rockefeller Call for DOJ, SEC Investigation into Whether News Corporation Broke U.S. Laws in Phone Hacking Scandal

Senators Urge Inquiry into Whether Alleged Bribes of Police Officials May Have Violated Foreign Corrupt Practices Act

Washington, D.C. – Today, U.S. Senators Barbara Boxer (D-CA) and John D. (Jay) Rockefeller IV (D-WV), Chairman of the Senate Commerce Committee, called on Attorney General Eric Holder and Securities and Exchange Commission Chairman Mary Schapiro to investigate whether News Corporation, which is incorporated in the United States, violated United States law in allegedly bribing police officials to gain access to private telephone information and records.

The allegations, if true, may constitute a violation of the Foreign Corrupt Practices Act, which prohibits corrupt payments intended to influence any act or decision of a foreign official.

Additionally, there are troubling reports that News Corporation may have illegally accessed phone records of victims of the 9/11 attacks, and the Senators urged authorities to investigate whether any United States citizens had their privacy violated by this alleged hacking.

In the letter, Senators Boxer and Rockefeller wrote: **"The reported allegations against News Corporation are very serious, indicate a pattern of illegal activity, and involve thousands of potential victims. It is important to ensure that no United States laws were broken and no United States citizens were victimized."**

The full text of the Senators' letter is below:

July 13, 2011

The Honorable Eric H. Holder
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

The Honorable Mary L. Schapiro
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Attorney General Holder and Chairman Schapiro:

We write to request that the U.S. Department of Justice and the Securities and Exchange Commission investigate whether News Corporation, a U.S.-based corporation, has violated United States law - specifically the Foreign Corrupt Practices Act of 1977 (15 U.S.C. §§78dd-1, et seq.)

As you know, senior officials of News Corporation subsidiaries have recently been arrested on allegations that they bribed members of London's Metropolitan Police to gain access to private information. If these allegations are true, they may constitute a violation of the Foreign Corrupt Practices Act, which prohibits corrupt payments intended to influence any act or decision of a foreign official.

There have also been allegations that News Corporation employees may have illegally accessed the phone records of victims of the attacks of September 11, 2001. We urge you to investigate whether any United States citizens had their privacy violated by this alleged hacking.

The reported allegations against News Corporation are very serious, indicate a pattern of illegal activity, and involve thousands of potential victims. It is important to ensure that no United States laws were broken and no United States citizens were victimized.

Sincerely,

Barbara Boxer
United States Senator

John D. Rockefeller, IV
United States Senator

[Latest Email Updates +](#)

[Latest Press Releases +](#)

[Latest Videos and Photos +](#)

EXHIBIT KK

FRANK R. LAUTENBERG

NEW JERSEY

COMMITTEES:

APPROPRIATIONS

COMMERCE, SCIENCE, AND
TRANSPORTATION

ENVIRONMENT AND
PUBLIC WORKS

United States Senate

WASHINGTON, DC 20510

July 13, 2011

The Honorable Eric H. Holder, Jr.
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20530

The Honorable Mary L. Schapiro
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Attorney General Holder and Chairman Schapiro:

I am writing to express my deep concerns regarding allegations that News Corporation and its subsidiaries bribed foreign law enforcement officials for information to advance their business interests. If true, these allegations may be a violation of the Foreign Corrupt Practices Act of 1977 (FCPA), as amended (15 U.S.C. §§ 78dd-1, et seq.). I am asking that the Department of Justice (DOJ) and Securities and Exchange Commission (SEC) examine these issues and consider whether formal investigations are appropriate.

As you know, the anti-bribery provisions of FCPA make it illegal for a U.S. person or company to pay foreign officials to obtain or retain business. In this case, media reports indicate that reporters for *News of the World*, a newspaper that is controlled by a subsidiary of News Corporation, paid London police officers for information, including private telephone information, about the British royal family and other individuals for use in newspaper articles. These allegations originally came to light after it was revealed that the phone of Milly Dowler, a teenager who was kidnapped and murdered in England, had been hacked. Further troubling are the allegations that reporters within the News Corporation organization may have sought information from law enforcement officials in the U.S. about victims of the 9/11 terrorist attack.

As you know, News Corporation is a U.S.-based company subject to FCPA. Indeed, the company's own website states the following: "The Foreign Corrupt Practices Act (FCPA) is a U.S. law that forbids bribery of foreign (meaning non-U.S.) government officials, whether elected or appointed, even if the bribe takes place outside the United States. Because News Corporation is a U.S. corporation, the FCPA may apply to all Company employees everywhere in the world, regardless of their nationality or where they reside or do business."

The FCPA also includes accounting rules for public companies with securities listed in the United States (15 U.S.C. § 78m). These accounting rules require companies covered by the FCPA to maintain complete and accurate books detailing their transactions and sufficient internal accounting controls within the organization. If indeed bribes were made and not properly recorded, this too may be a violation of law.

The limited information already reported in this case raises serious questions about the legality of the conduct of News Corporation and its subsidiaries under the FCPA. Further investigation may reveal that current reports only scratch the surface of the problem at News Corporation. Accordingly, I am requesting that DOJ and the SEC examine these circumstances and determine whether U.S. laws have been violated.

Thank you for your attention to this matter and I look forward to your timely reply.

Sincerely,


A handwritten signature in black ink that reads "Frank R. Lautenberg". The signature is written in a cursive, flowing style with a large initial "F" and a long, sweeping underline.

EXHIBIT LL

ROBERT MENENDEZ
NEW JERSEY

COMMITTEES:
BANKING, HOUSING, AND URBAN
AFFAIRS
ENERGY AND NATURAL RESOURCES
FINANCE
FOREIGN RELATIONS

United States Senate

WASHINGTON, DC 20510-3005

July 13, 2011

528 SENATE HART OFFICE BUILDING
WASHINGTON, DC 20510
(202) 224-4744

ONE GATEWAY CENTER
11TH FLOOR
NEWARK, NJ 07102
(973) 649-3930

208 WHITE HORSE PIKE
SUITE 18-19
BARRINGTON, NJ 08007
(856) 757-5353

Attorney General Eric Holder
Department of Justice
950 Pennsylvania Avenue NW
Washington, D.C. 20530-0001

Dear Attorney General Holder:

I am deeply concerned about accusations that News International, a British subsidiary of Rupert Murdoch's News Corporation, hacked into the phones of terrorist attack victims, possibly including 9/11 victims.

As you know, News International is accused of hacking the phones of the victims of the July 7, 2005 London bombings. The Daily Mirror newspaper has reported that journalists also sought to secure phone data concerning victims of the September 11, 2011 attacks in the United States through a private investigator. It is horrifying to consider the possibility that the victims of the 9/11 tragedy would be victimized again by an international newspaper seeking information about their personal suffering.

The U.S. government must ensure that victims in the United States have not been subjected to illegal and unconscionable actions by these newspapers seeking to exploit information about their personal tragedies for profit. Newspapers have been accused of numerous lurid and illegal activities including even intercepting and deleting the phone messages of a young girl, Milly Dowler, who disappeared and was later found murdered in the U.K. In addition, former Prime Minister Gordon Brown has stated that one of the newspapers in the group owned by Mr. Murdoch employed known criminals to gather personal information about his bank account, legal files and tax affairs. Mr. Brown's family reports that they were victims of a private investigation that revealed private information about their son's serious medical condition.

Given the large scope of Scotland Yard's investigation which reportedly includes a list of 3,870 names, 5,000 land-line phone numbers and 4,000 cell phone numbers that may have been hacked, I believe it is imperative to investigate whether victims in the United States have been affected as well. I ask that in particular that you investigate allegations that these tabloids may have hacked the phones of 9/11 victims.

I look forward to your expeditious and thorough investigation into these accusations.

Sincerely,

A handwritten signature in black ink, reading "Robert Menendez". The signature is fluid and cursive, with a prominent "R" and "M".

ROBERT MENENDEZ
United States Senator

EXHIBIT MM

REFLECT YOUR SUCCESS
 \$0 Intro Annual Fee for the first year, and earn 25,000 Membership Rewards® points

APPLY NOW
 Terms and Restrictions Apply.

ARTICLE

FBI Launches News Corp. 9/11 Hacking Investigation -- Murdoch Defends His Company (Updated)

Recommend 20 people recommend this. Be the first of your friends.

Featured partner

WRAP

By Lucas Shaw at TheWrap
Thu Jul 14, 2011 2:53pm EDT

UPDATED 6:42 PT:

The News Corp. scandal deepened further on Thursday with numerous developments – including the launch of an FBI investigation – boding ominously for the media giant.

The latest updates:

>> The FBI announced an inquiry into the alleged hacking of the cellphones of victims of 9/11 by News Corp. reporters.

>> News Corp.'s second biggest shareholder Al-Waleed Bin Talal called for the resignation of News International Chief Executive Rebekah Brooks.

>> Murdoch took to the pages of his own Wall Street Journal to defend the company, claiming it has dealt with the crisis "extremely well in every way

>> News Corp. has hired Brendan V. Sullivan, Jr., a partner in the Washington, D.C., law firm, Williams & Connelly, according to the New York Times. Sullivan once defended disgraced former Marine Oliver North.

The Murdoch interview had the air of too little too late. The CEO granted the interview to an employee, meaning that the questions were far from penetrating.

The story did not mention the FBI probe, did not acknowledge that Murdoch's former employees have been arrested and did not go into any detail regarding the "dubious reporting tactics" (let alone mention the alleged bribery of public officials). Instead, it emphasized the internal investigation Murdoch promised, which will be conducted by an independent committee and led by a "distinguished non-employee."

Murdoch was defensive when asked about wrongdoing at his company, and admitted only to "minor mistakes."

The FBI investigation is expected to look into whether reporters from News Corp.'s shuttered British tabloid the News of the World attempted to hack the phones of 9/11 victims. Details of the investigation are not yet known – as policy, the FBI does not even confirm or deny ongoing investigations – but the New York Times reported it will be handled by a pair of FBI squads in the New York office.

Tweet 9

Share 1

Share this

1

Email

Print

More from the Wrap

Julian Assange Granted Asylum by Ecuador
9:34am EDT

Never Mind 'The Avengers': Overseas Markets Are Hollywood's Box-Office Superheroes
8:38am EDT

Dish, Sinclair Reach Deal in Latest Satellite Standoff
7:33am EDT

'ParaNorman' Review: Sweet and Freaky Fun for Kids (Who Aren't Too Easily Spooked)
15 Aug 2012

Follow Reuters

Facebook Twitter RSS YouTube

RECOMMENDED VIDEO



Deadly blasts hit Baghdad (0:40)



Pakistan Taliban releases video of mass execution...

Latest from My Wire



the test (0:53)



A Supersonic Biplane that Whispers Where the Concorde...
(Technologist)



10 Dirty Negotiation Tactics and How to Beat Them
(OPEN Forum)

Login or register

READ

1 Britain warns Ecuador it could enter embassy to get Assange
15 Aug 2012

2 UPDATE 2-US hypersonic aircraft crashes seconds into military test flight
15 Aug 2012

- 3 Militants attack major Pakistan air base; nine killed
 VIDEO
 5:40am EDT
- 4 Britain says Assange Ecuador asylum wouldn't change a thing
 7:35am EDT
- 5 Dallas mayor declares emergency over West Nile virus
 15 Aug 2012

DISCUSSED

- 138 Obama's lead over Romney grows despite voters' pessimism
- 122 Romney to announce vice presidential choice Saturday
- 94 Analysis: Are Israelis tough enough for a long war with Iran?

SPONSORED LINKS



Global Cloud Computing – 30 Days FREE
Datapipe's Stratosphere Cloud Platform - Global availability in US, UK and Asia



Earn HR Master's Certificate Online
Villanova's Online Program Provides Top HR Training & Prep for Certifications.



Mortgage Rates Hit 2.50% (2.90% APR)
If you owe less than \$729k, you probably qualify for the Govt Refinance Program.

Ads by Marchex

In the U.K., targets of the alleged hacking range from a murdered teen Milly Dowler to the victims of the train bombing in London. The allegations about 9/11 victims touched a particularly sensitive nerve in the United States, which is one reason Rep. Peter T. King, a Republican from New York, sent a letter to FBI director Robert Mueller on Wednesday calling for the bureau to launch such an inquiry.

On Thursday evening, the Columbia Journalism Review questioned the Mirror story that leveled the 9/11 allegations this week, calling the reporting unsubstantiated.

Regardless of the allegations' veracity, this may be the first in a long line of legal challenges in the U.S. Four Senators asked the Department of Justice and Securities and Exchange Commission to launch investigations as well. The offices of Sen. Barbara Boxer, Frank Lautenberg and Jay Rockefeller did not respond to calls.

The Senators called for inquiries examining not just phone hacking but bribery as well. Such an investigation would look at violations of the Foreign Corrupt Practices Act, which prohibits U.S. citizens from bribing foreign officials.

These ongoing and potential U.S. investigations follow closely on the heels of previously announced U.K. inquiries. Rupert and James Murdoch will testify before the Culture, Media and Sport committee on Tuesday. Rupert initially declined to appear and James had said he could not until August, but the official summons led both of them to cave. Brooks has agreed to appear as well.

Related Articles: Rupert Murdoch to Testify Before U.K. Parliament After All

Recommend 20 people recommend this. Be the first of your friends.

Tweet this

Link this

Share this

Digg this

Email

Reprints

More From Reuters

Walmart Sex Show: Kan. Couple Stole Lube for In-Store Sex Act

Beauty Queen Dragged Out of Bed Nude by Mistaken Deputies: Lawsuit

Senior Merkel ally sends stark warning to Greece

Top six myths about Medicare

Retail sales gain hints at stronger growth

From Around the Web

Expert Warns U.S. Economy May Fall Into A "Death Spiral" (Money Morning)

Poll Finds Strong Support for Oil and Gas Development (Free Enterprise)

Will NASA Ever Recover Apollo 13's Plutonium From the Sea? (Technologist)

Losing money by sitting on cash, and the potential benefits of... (Merrill Lynch Wealth Management)

6 Markets that Will Rule the Next Decade (Business Without Borders)

Videos From Reuters



Decision expected on Assange asylum (0:45)



Beyond the Olympics: London bids to become startup central...



Ocean acidification threatens global shellfish stocks

From Around the Web



How Coffee Is Driving Economic Growth (T. Rowe Price)



Billionaire Bill Gross Calls Market "A Ponzi Scheme" (Money Morning)



6 crazy ways to be disqualified (from the Olympics) (Fox News)

[?]

Comments (0)

This discussion is now closed. We welcome comments on our articles for a limited period after their publication.

ADS BY GOOGLE

What's This?

Restaurant Menu
Browse Menus, Reviews, & Photos. Reserve a table through CityEats!
cityeats.com/DC

ING DIRECT Investing
Buy Stocks for \$4 - No Minims. \$200 Account Bonus. Learn More!
www.sharebuilder.com/ingdirect

"Shocking" Horscopes
Insert your birthdate & get answers about Past, Present & Future. Free
www.PremiumAstrology.com

Jobless claims trend shows job market slowly healing

WASHINGTON - The number of Americans filing new claims for jobless benefits edged higher last week although a trend reading fell close to a four-year low, pointing to healing in the still-struggling labor market.

[CONTINUE READING](#)

MOST POPULAR

Britain warns Ecuador it could enter embassy to get Assange

UPDATE 2-US hypersonic aircraft crashes seconds into military test flight

Militants attack major Pakistan air base; nine killed  VIDEO

Britain says Assange Ecuador asylum wouldn't change a thing

Dallas mayor declares emergency over West Nile virus

Russian female punk rock band trial sets tone for Putin presidency


TOP NEWS



Ecuador grants political asylum to Julian Assange

LONDON/QUITO - Ecuador granted political asylum to Julian Assange

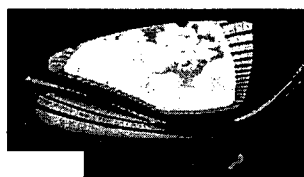
on Thursday, ratcheting up tension in a standoff with Britain which has warned it could revoke the diplomatic status of Quito's embassy in London to allow the extradition of the WikiLeaks founder. [| Video](#)

Wall Street opens higher after data  VIDEO

Wal-Mart second-quarter profit rises, international growth slows

[» More Top News](#)

TOP VIDEOS



Sports Spread: Premier League predictions

U.S. Morning Call: Facebook might get "d" at open

[» More Top Videos](#)

MARKETS

US Indices

DOW
2.13
13,166.91
+0.02%

NASDAQ
5.60
3,036.53
+0.18%

S&P 500
-0.20
1,405.33
-0.01%

TODAY IN PICTURES



Editor's choice

Our best photos from the last 24 hours.

[View Slideshow](#)

TR US INDEX
0.03
126.96
+0.03%

Int'l Indices
NIKKEI
9,092.76

HANG SENG
19,962.95

[» Markets](#)

EDITION: U.S.

[Back to top](#)

Reuters.com [Business](#) | [Markets](#) | [World](#) | [Politics](#) | [Technology](#) | [Opinion](#) | [Energy](#) | [Nature](#) | [Video](#) | [Site Index](#)

Legal [Bankruptcy Law](#) | [California Legal](#) | [New York Legal](#) | [Securities Law](#)

Support & Contact [Support](#) | [Corrections](#)

Account Information [Register](#) | [Sign In](#)

Connect with Reuters [Twitter](#) | [Facebook](#) | [LinkedIn](#) | [RSS](#) | [Podcast](#) | [Newsletters](#) | [Mobile](#)

About [Privacy Policy](#) | [Terms of Use](#) | [Ad Choices](#) | [Copyright](#)

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals.

thomsonreuters.com

Our flagship financial
reference platform
incorporating Reuters
Insider

An ultra-low latency
infrastructure for
electronic trading and
data distribution

A connected approach
to government, risk and
compliance

Our next generation
legal research platform

Our global time
workstation

About Thomson Reuters

Investor Relations

Careers

Contact Us

Thomson Reuters is the world's largest international multimedia news agency, providing investing news, world news, business news, technology news, headline news, small business news, news alerts, personal finance, stock market, and mutual funds information available on Reuters.com, video, mobile, and interactive television platforms. Thomson Reuters journalists are subject to an Editorial Handbook which requires fair presentation and disclosure of relevant interests.

NYSE and AMEX quotes delayed by at least 20 minutes. Nasdaq delayed by at least 15 minutes. For a complete list of exchanges and delays, please click here.

» [Print](#)

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to colleagues, clients or customers, use the Reprints tool at the top of any article or visit: www.reutersreprints.com.

U.S. Attorney General says probe progressing into News Corp

Fri, Jul 15 2011

SYDNEY (Reuters) - Investigations are progressing into the U.S. operations of News Corp after the UK phone hacking scandal, U.S. Attorney-General Eric H. Holder said in Australia on Friday.

"There have been members of Congress in the United States who have asked us to investigate those same allegations and we are progressing in that regard using the appropriate Federal law enforcement agencies," Holder told reporters.

Rupert Murdoch on Thursday caved in to pressure from Britain's parliament to answer questions over alleged crimes at one of his newspapers and denied that News Corp was drawing up plans to separate its newspaper holdings.

Murdoch said News Corp had handled the crisis engulfing his media empire "extremely well," despite looming investigations on both sides of the Atlantic.

In addition to the probe by British lawmakers keen to break his grip on politics, the Federal Bureau of Investigation said it was looking into allegations News Corp tried to hack into the phones of 9/11 victims.

British Attorney-General Dominic Grieve, speaking at a conference in Sydney with Holder and counterparts from Australia, New Zealand and Canada, said investigations underway into the Murdoch empire should not curb press freedoms.

"We don't wish to end up, whatever may have happened in this particular case, with a press which is regulated in a manner which is incompatible with freedom of expression," Grieve said.

(Reporting by Rob Taylor; Editing by Ed Davies)

© Thomson Reuters 2011. All rights reserved. Users may download and print extracts of content from this website for their own personal and non-commercial use only. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is expressly prohibited without the prior written consent of Thomson Reuters. Thomson Reuters and its logo are registered trademarks or trademarks of the Thomson Reuters group of companies around the world.

Thomson Reuters journalists are subject to an Editorial Handbook which requires fair presentation and disclosure of relevant interests.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to colleagues, clients or customers, use the Reprints tool at the top of any article or visit: www.reutersreprints.com.

EXHIBIT NN

News Corporation
K.R. Murdoch
First Statement
KRM1 – KRM44
12 April 2012

**IN THE MATTER OF THE LEVESON INQUIRY INTO THE CULTURE, PRACTICES AND ETHICS
OF THE PRESS**

WITNESS STATEMENT OF KEITH RUPERT MURDOCH

Introduction

- 1 I am Chairman and Chief Executive Officer of News Corporation.
- 2 My grandfather Patrick John Murdoch was born in Scotland and emigrated to Australia. He was a Presbyterian minister who was a supporter of the free press. He called it "probably the strongest foe of tyranny."
- 3 I was born in Australia in 1931 but I became a US citizen in 1985. I studied Philosophy, Politics and Economics at Worcester College, Oxford from 1950 to 1953. In 1952, at the age of 21, my siblings and I inherited my family's interest in a company that included a stake in News Limited, an Australian public company. In my father's will, he stated:

"Queensland Newspapers Pty Ltd. . . should continue to express ideals of newspaper and broadcasting activities in the service of others and these ideals should be pursued with deep interest . . . and I desire that my said son Keith Rupert Murdoch shall have the great opportunity of spending a useful altruistic and full life in newspaper and broadcasting activities and of ultimately occupying a position of high responsibility in that field with the support of my trustees if they consider him worthy of that support."
- 4 At that time News Limited owned the Adelaide News, which had a circulation of over 90,000 copies, as well as the Sunday Mail, with over 150,000 sales. From there, in 1957 we expanded the newspaper and magazine holdings throughout Australia, first into Melbourne and Perth then in 1960 to Sydney where one of News Limited's titles, the Daily Mirror, after a long struggle, eventually became the biggest selling paper in New South Wales. We also entered the New Zealand market. In 1964 we launched The Australian, Australia's first national daily newspaper.

A14743638

- 5 The group expanded into the UK market in December 1968 with the purchase of the News of the World and later The Sun, The Times and The Sunday Times under the holding company which is today called NI Group Limited, more commonly referred to as News International ("NI").
- 6 Expansion into the US market and beyond took place from 1973 onwards, and later with diversification into other media as well as newspapers. In 1979 The News Corporation Limited ("News Corporation") was incorporated in Australia as the holding company for these global investments. News Corporation was reincorporated in the US in 2004 where it is today listed on the NASDAQ with a secondary listing on the Australian Securities Exchange and a standard listing on the London Stock Exchange. Together with shares that I may be deemed to beneficially own through certain trusts, I have an approximate 40% voting interest in News Corporation.
- 7 News Corporation today is a diversified global media company employing approximately 48,000 people within operations in cable network programming, filmed entertainment, television, direct broadcast satellite television, publishing and other businesses. The activities of News Corporation are conducted principally in the USA, continental Europe, the UK, Australia, Asia and Latin America. As of 31 December 2011, News Corporation had total assets of approximately US\$60 billion, total annual revenues of approximately US\$34 billion and in excess of 260,000 shareholders, including many large pension funds. I attach at Exhibit KRM1 a list of News Corporation's principal businesses and their geographical location.
- 8 NI is a valued part of News Corporation's global business. As at 30 June 2011, approximately 8% of News Corporation's revenues were generated in the UK, of which approximately 60% were generated by NI. NI is the parent company of Times Newspapers Holdings Limited ("TNHL"), of which Times Newspapers Limited ("TNL") is a subsidiary. TNL publishes The Times and The Sunday Times. NI is also the parent company of News Group Newspapers Limited ("NGN") which publishes The Sun, and formerly published The News of the World, and of Times Literary Supplement Limited ("TLSL") which publishes the Times Literary Supplement. I attach at Exhibit KRM2 a simplified organisational chart that shows the relationship between News Corporation, NI and some of NI's subsidiary companies.
- 9 I welcome the Leveson Inquiry and am glad to have the opportunity to give written and oral evidence to the Inquiry. I respond below to the questions posed in the notice sent by the Inquiry under s.21 of the Inquiries Act 2005 (the "Notice"). The questions are wide ranging in scope and time period. I have done my best to respond fully to the Notice, in the 22 working days available in which I had to respond.

Historical Account of Commercial Interests

- (1) Please provide a historical account of all the commercial interests you have, have had, or have actively considered in the UK or any part of it. This should include (but is not limited to) Sky, BSkyB, your newspaper interests (including the new Sun on Sunday) and your interest in the education sector. Please include a relevant chronology detailing the exploration, acquisition and development of these interests. The chronology should include, in particular, details of the part played in this historical account by government decision-making, whether in relation to the general regulatory environment or specific decisions.
- 10 I confirm that all of "my commercial interests" in the UK are through my holdings in News Corporation. As mentioned in paragraph 6 above, together with shares that I may be deemed to beneficially own through certain trusts, I have an approximate 40% voting interest in News Corporation.
- 11 I attach at Exhibit KRM3 a chronology of News Corporation's UK investments (excluding BSkyB). Through companies owned or controlled in whole or in part by News Corporation, I have been doing business in the UK for 43 years. I no longer recall all of the details and no longer retain all of the documents concerning many of the historic transactions; the chronology represents my best efforts in the limited time available and includes a substantial amount of information sourced other than from my own personal knowledge. The chronology only sets out corporate transactions and, whilst I have attempted to include all press related product launches, the chronology is not an exhaustive list of all organic growth across News Corporation's UK investments.
- 12 I have included within the chronology the acquisition and disposal of investments in the UK which News Corporation has held but no longer holds. In relation to investments in the UK which I have actively considered, I include only those investments where a public bid was made. News Corporation has from time to time evaluated many opportunities that have come up in the media market but I understand the inquiry does not intend to trespass on commercially confidential information and in any event it would be impractical to seek to list every business opportunity we have ever considered.
- 13 It is clear from the chronology that News Corporation currently has and has owned a number of UK based investments. It would be impractical in the time available to describe the exploration, acquisition and development process for each of these investments. I have explained in general terms my approach to making investments in answer to Question (6). With regards to the part played by government decision-making, I have noted within the chronology those acquisitions which required UK government approval to the extent it has been possible to confirm this. By way of example of such an acquisition, in response to Questions (2) and (3) below, I have set out an account of the acquisition of The Times and The Sunday Times. The chronology does not reflect those acquisitions

A14743638

which required approval at EU level or by governments other than the UK government, as this appears to fall outside the scope of Question (1).

- 14 As regards the other specific interests identified in Question (1):
- (a) I have included in the chronology reference to all of News Corporation's newspaper interests in the UK. I should clarify that the Sunday edition of The Sun is not a new title; it is an extension to the publishing of The Sun newspaper. On 26 February 2012, The Sun began publishing seven days a week.
 - (b) News Corporation's investments in the UK education sector are included in the chronology. News Corporation owned three education trade publications, namely the Times Higher Education Supplement, Times Educational Supplement and Nursery World magazine, until their disposal in 2005. News Corporation owned World Wide Learning, a company set up in 1999 to provide web-based, distance learning (predominantly professional training to the Chinese market); it was closed in 2004. News Corporation owns HarperCollins UK (formed as a result of the acquisition, in 1990, of William Collins & Sons) whose businesses include Collins Education, which sells teaching and learning resources from Early Years to A-Level.
- 15 I have included a separate chronology (at Exhibit KRM4) covering the founding and development of Sky and subsequently British Sky Broadcasting Group plc ("BSkyB"). News Corporation has been a major shareholder in what is now BSkyB for over twenty years and owns 39.1% of BSkyB's issued share capital (although its voting rights are capped contractually at 37.19%). BSkyB is a publicly listed company with a board, the members of which are elected by shareholders. Whilst News Corporation does not have the right to appoint directors to the Board of BSkyB, News Corporation executives occupy 4 of the 14 seats on the Board; the majority of seats are occupied by independent non-executive directors. The chronology of BSkyB's corporate transactions in the UK has been compiled using publicly available information as News Corporation does not have access to BSkyB's internal records.
- (2) To assist in providing a historical perspective, the Inquiry is particularly interested in the process by which News International acquired The Times and The Sunday Times in 1981, and the part played in that process by government decision-making. Please set out the process involved in obtaining clearance for the purchase, what undertakings your company gave in return, and an account of the discussions which led to those undertakings being given and accepted.
- (3) Woodrow Wyatt's diaries record: "I had all the rules bent for [Rupert Murdoch] over the Sunday Times and The Times when he bought them ... Through Margaret [Thatcher] I got it arranged that the deal didn't go to the Monopolies and Mergers

A14743838

Commission which almost certainly would have blocked it." Does this accord with your understanding of the events leading to the purchase of the Times and Sunday Times? If not, what is your account? Specifically, please confirm whether you sought or received any assistance from Woodrow Wyatt or from any other political figures to avoid a reference to the Monopolies and Mergers Commission.

- 16 I did not ask anyone to "ben[d]" any "rules" on my behalf. Based on my recollection and the documents I have seen, neither Mr Wyatt nor I played a role in the Government's decision not to refer our bid to the Monopolies and Mergers Commission.
- 17 At the time of our proposed acquisition, The Times and The Sunday Times, collectively, were suffering significant losses. At the time, both titles were published by TNL. TNL was majority owned by TNHL which was wholly owned by The Thomson Organisation Limited which was in turn a subsidiary of Thomson British Holdings Limited (I refer here to both Thomson companies as "Thomson"). In October 1980, Thomson announced that the titles would be closed unless sold to a new owner by March 1981. The closure of two such important titles would have been a blow to the diversity and vibrancy of the British press. My recollection is that Thomson was motivated to sell the titles rather than close them, and to do so on a tight schedule, in order to avoid making very substantial redundancy and other payments.
- 18 Thomson looked for buyers, and NI (among other companies) made a bid in late December 1980. I recall that the unions favoured our bid, perhaps based on their experience with The Sun. By the time we entered serious discussions with Thomson, my recollection is that we had been identified as the buyer most likely to keep the titles in business and to preserve the most jobs. It appears from a memo dated 16 January 1981 from Sir Denis Hamilton to the directors of Thomson that NI's bid was, by that time, unanimously preferred by him and the two then Editors. The memo explains the reasons for that preference (Exhibit KRM5).
- 19 We negotiated certain undertakings with the sellers, and certain conditions were imposed upon the transaction, relating to editorial independence. I exhibit at Exhibit KRM6 a press release dated 22 January 1981 issued by TNHL which refers to a series of specific formal undertakings given on 21 January 1981 by me to the Editorial Vetting Committee of Times Newspapers, consisting of the then Chairman of TNHL, three of the four then existing Independent National Directors and both of the then Editors. Although I do not recall that meeting today, thirty one years later, the minutes reflect that I was told that I had been identified by the Chairman of the meeting, Sir Denis Hamilton, as the most suitable bidder out of the seven who had expressed an interest in the titles (Exhibit KRM7). The press release of 22 January 1981 reflects the undertakings we agreed upon. According to that press release, I agreed:

A14743638

- (a) To preserve and enhance the existing system of Independent National Directors, which was already in place under Thomson's ownership;
 - (b) To the appointment or removal of Editors of both titles, and any future sale of either title, being subject to approval by a majority of the Independent National Directors;
 - (c) To maintain the editorial independence of the titles, including maintaining the Editors' independence and authority over the appointment and control of staff and over the political stance of the newspapers.
- 20 NI agreed that those undertakings would be incorporated into the Articles of Association of TNHL and TNL, which I exhibit at Exhibit KRM8. This became a condition of the Government's consent to the transaction, which was required under the Fair Trading Act 1973.
- 21 On 23 January 1981 an application for such consent was made by Thomson (Exhibit KRM9). Attached to the letter dated 23 January 1981 was a detailed memo setting out, among other things, the reasons why the directors of Thomson had concluded that neither of the titles was economic as a going concern. I believe Thomson and their advisers were responsible for presenting material in support of that application, including information about the financial condition of the titles. A letter dated 26 January 1981 from Thomson to the then Secretary of State for Trade, John Biffen, set out the reasons why both Thomson and NI were interested in expediting the transaction (Exhibit KRM10).
- 22 The Government gave its consent in late January 1981, without a referral to the Monopolies and Mergers Commission. I exhibit at Exhibit KRM11 a decision of the Secretary of State for Trade, John Biffen, dated 27 January 1981. I do not currently recall seeing this document at the time, but note that it records that The Secretary of State had received an application for his consent to the transfer of The Times and The Sunday Times to NI, and was satisfied that neither title was economic as a going concern and as a separate newspaper, and that the case was one of urgency. I understand that, in such circumstances, the Fair Trading Act 1973 permitted the Secretary of State to give his consent to a transfer to an existing newspaper proprietor without a reference to the Monopolies and Mergers Commission.
- 23 I understand that the Secretary of State's decision was the subject of a debate in the House of Commons on 27 January 1981, in which he was questioned about and explained his reasons. This debate is recorded in Hansard (Exhibit KRM12). The Secretary of State's reasoning was also set out in a letter dated 3 February 1981 from him to the Labour MP John Smith (Exhibit KRM13).
- 24 I do not now recall meeting with Mrs Thatcher at this time, or discussing the acquisition. I have been told that documents recently released from official archives show that I met with Mrs Thatcher on 4 January 1981. I exhibit at Exhibit KRM14 and Exhibit KRM15 a detailed

A14743638

memo dated 5 January 1981 from Bernard Ingham to Mrs Thatcher recording "the salient points of your lunch yesterday with Rupert Murdoch" and a letter dated 15 January 1981 from me to Mrs Thatcher acknowledging her kindness in welcoming me to Chequers ten days before. It appears from these documents that I met with Mrs Thatcher on 4 January 1981, that we discussed political developments in Australia and the United States, and that I briefed her on NI's bid for the titles. The documents do not suggest that I asked her for any favours and I would not have done so. The note confirms that there was no discussion of the issue of referral to the Monopolies and Mergers Commission.

- 25 I do not now recall meeting with Mr Biffen or any other member of Government to discuss this issue. However, I understand that the matter was discussed at a Cabinet committee meeting on 26 January 1981, at which both Mrs Thatcher and Mr Biffen were present; I exhibit the minutes of that meeting (Exhibit KRM16). The Cabinet minutes appear to reflect a discussion between myself and Mr Biffen on 26 January 1981. The Cabinet minutes record that I made clear to Mr Biffen that I did not object to a reference to the Monopolies and Mergers Commission. The minutes also make clear that it was Thomson's insistence that it would not extend the deadline and the risks of further deterioration of the commercial position of the titles that led the Cabinet to conclude that a referral should not be made.
- 26 There were discussions between NI and the unions and a group of journalists about the bid:
- (a) The unions negotiated with NI representatives about matters such as redundancies and where the titles would be printed, in the event that the transaction proceeded. The unions favoured a purchase by NI.
 - (b) A number of journalists at The Times applied to judicially review the Secretary of State's decision, arguing that there should have been a referral to the Monopolies and Mergers Commission. I believe that I may have met with this group on 6 February 1981 and offered certain concessions in order to meet their concerns. The application was ultimately dropped. The journalists appear to have favoured NI's proprietorship over the other possible options.
- 27 Woodrow Wyatt's account of the events leading to the purchase of The Times and The Sunday Times is not correct. I did not ask anyone, let alone then-Prime Minister Thatcher, to "ben[d]" any "rules" on my behalf. Further, I did not seek or receive assistance from Mr Wyatt or any other political figure to "avoid a reference to the Monopolies and Mergers Commission".
- 28 The quote from Woodrow Wyatt's diaries set out in Question (3) appears to be taken from a diary entry dated 1 December 1995 (published in The Journals of Woodrow Wyatt,

Volume III). I note that the diary entry itself is not contemporaneous with the acquisition in 1981.

- 29 The diary entry begins by referring to a telephone call from Philip Hall, then editor of the News of the World, for which Mr Wyatt (by then a former MP) was a columnist under the headline "The Voice of Reason". Mr Hall is said to have informed Mr Wyatt that his column would in future be published fortnightly, rather than weekly. I recall that Mr Hall did not think highly of the column. Mr Wyatt was apparently angry at me for not recognising his contributions and not convincing Mr Hall to run the column more frequently. Mr Wyatt went on to make various unflattering remarks about me. It appears that the words quoted in Question (3) were written some 14 years after the relevant event, against a background of discontent at an unwelcome decision.
- (4) The Inquiry is also particularly interested in the detail of the process by which News Corporation sought to expand its holding in BSkyB in 2010, and the part played in that process by government decision-making. Please provide copies of all relevant documentation, including any notes of meetings, relating to this process. That documentation should in particular include copies of all formal and informal representations made on your behalf to the government.
- 30 My son James played a more significant role than I in pursuing this proposal to make an offer, and his answer to a similar question may be more illuminating than mine. My focus was on the issue of price. I thought the issue of control was non-controversial because in another context, Ofcom had already ruled that News Corporation controlled BSkyB. In any case, I am now aware that the consideration of this proposal to make an offer was complex and involved multiple representations, formal and informal, to government officials and I was not personally involved in this process. Notwithstanding this, materials responsive to the Inquiry's documentary request have been gathered, as set out below, in order to comply with this request to the best of my ability in the time available. I have not reviewed these materials and I expect that James will be better placed to answer questions about them.
- 31 I understand that News Corporation's legal advisers on the proposal to make an offer, Allen & Overy LLP, have provided copies of documents evidencing all material representations made of which they hold copies on their files (see Exhibit KRM17). Further explanation of what material they have provided is set out in the index to the files in this exhibit. In parallel, in the time available, I understand that Linklaters LLP ("Linklaters") has undertaken electronic searches of the emails of an individual within News Corporation's Public Affairs team who was centrally involved in the proposal to make an offer in an effort to identify emails which evidence representations made to the government, other politicians and their advisers on this subject. Copies of these emails, together with an explanation of the material appear at Exhibit KRM18.

A14743638

- 32 Questions (4)(a) – (d) ask about discussions involving “you or your representatives”. In my answers to these questions (set out below):
- (a) As regards discussions involving me personally, I have relied upon my own calendars and other records, as well as my recollection.
 - (b) As regards discussions involving “my representatives”, no one representing me personally had any relevant discussions.
 - (c) For completeness, I have included in my answers below discussions involving representatives of News Corporation; in giving such answers I have relied upon information provided by employees of News Corporation. A list of relevant discussions between representatives of News Corporation and politicians and their advisers are set out in Exhibit KRM19. The email search conducted by Linklaters referred to in paragraph 31 above has produced emails evidencing discussions with politicians and their advisers and these are included in Exhibit KRM18.
- (4)(a) Did you or your representatives at any stage discuss, or seek to discuss, the BSKyB bid with the Prime Minister or the Chancellor of the Exchequer? If so, please give full details of these exchanges. In particular, was the BSKyB bid discussed when you met with the Chancellor of the Exchequer in December 2010?
- 33 I neither sought to discuss nor did I discuss the BSKyB proposal to make an offer with the Prime Minister or the Chancellor of the Exchequer.
- 34 I met with Mr Cameron in May and July 2010 (as set out in Exhibit KRM27, which is described more fully in paragraph 86 below). I have no recollection of discussing BSKyB with Mr. Cameron. In any event I am certain that I did not ask him for any regulatory favours.
- 35 I did meet Mr Osborne in December 2010, as the question indicates, but I do not recall discussing the BSKyB proposal to make an offer with him. I am certain that I did not ask him for any regulatory favours either.
- 36 As regards any discussions between other representatives of News Corporation and either Mr Cameron or Mr Osborne, I refer to Exhibit KRM19.
- (4)(b) Did you or your representatives at any stage discuss, or seek to discuss, this bid with the Secretary of State for Business, Innovation and Skills, Vince Cable? If so, please give full details.
- 37 To the best of my recollection, I neither sought to discuss nor did I discuss the BSKyB proposal to make an offer with Vince Cable. In fact, I do not currently recall meeting Mr Cable. It is possible that Mr Cable, like dozens of others (and not just politicians), was a guest at a News Corporation summer party and that I or someone else made a passing reference to BSKyB in his presence, but I have no recollection of even that. I am confident

A14743638

was the reason the project fell through in January 2011. It may be that the topic was raised during a dinner with Michael Gove on 26 January 2011 (to which I refer below), but I cannot recall.

- 49 I have also recently been told that in May 2011 a representative of NI exchanged emails with two members of staff at the Department for Education, enquiring about whether (given the collapse of the Academy School project) NI might consider going down the route of applying to set up a Free School and what the deadline would be for such an application. Attached as Exhibit KRM22 are copies of these exchanges. I understand that the idea was not progressed any further. I believe that we had planned to discuss NI's interest in supporting a school with Mr Gove at a breakfast meeting in May 2011 (to which I refer below) but do not recall if we reached that topic.
- 50 I am asked about my interactions with Mr Gove. Mr Gove had a distinguished record as a senior Times journalist. More recently, our interactions have centred on my interest in education reform.
- 51 In every part of life other than education, someone who woke up from a 50 year nap would not recognise the world around him. Whether in medicine or finance or news, the digital revolution has transformed our world – but not in education. Today's classroom is the last holdout from the digital revolution, and it looks much the same as it did in the Victorian age. The future belongs to those nations that best develop their human capital. I fear that the United States and the United Kingdom are lagging behind in this effort.
- 52 In January 2011, Joel Klein, former Assistant Attorney General of the United States and later Chancellor of the New York City Schools joined News Corporation to lead an education division that would help to spark technological change by bringing new and sophisticated instruction products to the US market. Our first action was to acquire Wireless Generation, a brilliant but small education company in the United States and quickly double its size..
- 53 As for individual meetings with Mr. Gove:
- (a) I have been reminded about a dinner with Mr Gove in May 2010, of which I have no present recollection.
- (b) In January 2011, Mr Klein came to London to speak at a conference with Mr Gove on education reform (an invitation extended whilst he was Chancellor of the New York City Schools). I invited both of them and others (including Lord Adonis, a former Parliamentary Under-Secretary of State for Schools and Learners and member of the Labour Party) to my home for dinner, where we discussed our shared interest in the subject. I believe that the dinner took place on 26 January 2011.

A14743638

those 17,000 jobs at BSkyB alone exist today in part because of News Corporation's long-term vision, and of course the hard work of the men and women who worked with us.

- 57 Third, we have approached our business with recognition of only one certainty: we can never be sure where our industry will end up. Technology is going to continue to destroy the old ways and assumptions of doing business, especially in media. But News Corporation looks upon each improvement in technology as opening up more opportunities for providing access to news, education and entertainment; to become more relevant to our customers. It is a daunting challenge, but one that we welcome.
- 58 Fourth, News Corporation has tried at all times to pursue the goals of freedom of speech, freedom of thought and freedom of markets.
- 59 Finally, I believe that businesses will run best if managed locally, by talented men and women free from over-regulation either by government or by corporate managers living on other continents. Accordingly, I have favoured de-centralised, entrepreneurial approaches to management of News Corporation's business interests in the UK, and tried to provide these businesses with the autonomy necessary to help them flourish and promote British influence. I do receive weekly financial reports.
- 60 That is not to say that I am indifferent to how local businesses are operated. News Corporation has adopted and promulgated Codes of Business Conduct, and updated those codes, over the years. The experience of the last year has certainly affected my view about the degree of control appropriate in management of these businesses, and led the group to make various changes in the risk management, internal controls and corporate governance structures at both NI and News Corporation. I believe that the changes at NI have been previously disclosed to this Inquiry, including in the witness statements of Tom Mockridge and Susan Panuccio, which I endorse. News Corporation itself is in the process of strengthening its compliance and risk management functions world-wide.
- 61 Consistent with my responsibilities to the rest of News Corporation, I have always tried to convey my expectations and values to key individuals in News Corporation's UK businesses. I also communicate directly to those in the newsrooms at NI and this has become all the more important over the last nine months. By way of example, I exhibit at Exhibit KRM23 the following recent communications:
- (a) An email dated 19 July 2011 from me to all staff of News Corporation companies. In that email, I referred to my appearance with my son James before the Select Committee. I said that I was shocked and appalled by the recent allegations about the News of The World, and I explained what steps were being taken to address the past and ensure serious problems never happen again. I concluded "We are determined to put things right."

- (b) An email dated 17 February 2012 from me to all staff at The Sun. In that email, I praise the staff for their exceptional journalism, I express my commercial commitment by referring to plans immediately to launch the Sunday edition of The Sun, and I make clear that we will obey the law.
- (7) Please also explain the governance relationship between yourself and your son James. Does this take the form of informal or formal arrangements?
- 62 I am not entirely clear what the Inquiry means by the "governance relationship" between me and my son James, but I can offer the following.
- 63 James is both my son and a valued employee of News Corporation. As to family and personal matters, we offer each other love and support. As to business matters, I have always tried to ensure that James is governed by the same elements as any other executive. He has a formal reporting line, as does any other News Corporation executive. He did not and does not report to me.
- 64 During his service as CEO of BSkyB, James reported to the BSkyB board and resigned from the News Corporation board. He did from time to time report to the News Corporation Board on developments at BSkyB, as News Corporation was its largest shareholder.
- 65 When James left his CEO role at BSkyB and became CEO, Europe and Asia of News Corporation, James reported to the President and Chief Operating Officer of News Corporation and took on new responsibilities for News Corporation's Europe and Asia businesses. At the same time, James assumed the position of Executive Chairman of NI after Les Hinton left NI to become CEO of Dow Jones. James also became Chairman at BSkyB, a position from which he resigned on 2 April 2012. He remains a non-executive Director of BSkyB.
- 66 In his current role as Deputy Chief Operating Officer at News Corporation, and Chairman and CEO, International, of News Corporation, James continues to report to the President and Chief Operating Officer of News Corporation (Chase Carey).
- (8) The Inquiry is particularly interested to understand your view of your responsibilities for the part your media interests can and should play as aspects of a free press within the UK democratic system. In what way do you consider your organisations to have responsibilities for, and to contribute to, the public interest in freedom of expression, and in promoting public political accountability in the UK? Please give examples. Are you aware of any possible tensions between your commercial interests and the public interest in this respect? If so, how are they resolved in your mind and managed in practice?
- 67 I believe that News Corporation's media interests in the UK play a vital role in our democracy. I cannot overstate this. Our media interests bear a responsibility to their

A14743638

audience to be their eyes and ears on matters of concern; to question and where appropriate to criticise elected officials and others who attract public interest; to voice opinions for public consideration and debate; to promote public accountability; and to practise and protect free expression.

- 68 I believe that good journalism is good business, because the public has a good idea of what is of interest and importance to them, and will reward the media when it finds and reports a compelling story. In addition, it is precisely because newspapers make profits and do not depend on the government for their livelihood that they have the resources to hold the government accountable. That does not mean that I judge every title and issue strictly by its commercial appeal – indeed, we have owned and still operate media properties that are not profitable. But our touchstone is and must remain service to our audience, delivering quality journalism while following the highest ethical standards.
- 69 NI titles regularly publish articles which strongly promote public political accountability in the UK. I refer below to some examples of such articles (copies of which are exhibited at Exhibit KRM24:
- (a) On 25 March 2012, The Sunday Times published an article on its front page under the headline "Tory treasurer charges £250,000 to meet PM". That article reported on an investigation by The Sunday Times into the activities of Peter Cruddas, a Conservative party fundraiser, who told undercover reporters that large donations to the party could be used as a means of gaining access to the Prime Minister and as a means of influencing Downing Street policy.
 - (b) On 20 January 2012, The Sun published an article under the headline "Nazi killer found by Sun faces jail". Klaas Faber, a Nazi war criminal who, as a member of the SS shot at least 47 Jews and resistance fighters in a concentration camp, was jailed for life in 1947. He escaped in 1952 but was recently traced by The Sun and re-arrested. A Dutch court will now decide whether he should be jailed for life.
 - (c) On 5 January 2011, The Times published an article under the headline "Revealed: conspiracy of silence on UK sex gangs". That article reported on an investigation by The Times which revealed a pattern of abuse by gangs of largely Pakistani men who lured vulnerable white girls aged between 11 and 16 with drink and cigarettes for sexual exploitation in the UK. The reporting blew apart a conspiracy of silence over such gangs and their activities.
 - (d) On 23 May 2010, the News of The World published an article under the headline "Cash for access: desperate Fergie lies to make money out of Prince". Undercover reporters posed as business tycoons to reveal Sarah Ferguson brokering a £500,000 deal to sell access to her ex-husband, Prince Andrew, the UK's then special representative for International Trade and Investment.

- 70 In addition, NI titles have launched campaigns on matters of public interest that engaged our readers as well as public officials, including:
- (a) Sarah's Law / Anti-paedophile Campaign: The News of the World "Sarah's Law" campaign inspired the introduction of 15 new pieces of legislation, including the crucial right of parents to obtain information about paedophiles living in their area. The News of the World joined forces with Sara Payne after her daughter was murdered by convicted child molester Roy Whiting in 2000. The campaign resulted in immediate action to tighten up the supervision of sex offenders.
 - (b) 777 Compensation: The News of the World "What About The Victims?" campaign fought to win compensation for the badly injured survivors of the 777 atrocity. A News of the World exclusive revealed that three months after the suicide bomb attacks of July 2005, hundreds of survivors and many relatives of the 52 people killed were being forced to rely on charity hand-outs. This resulted in the Criminal Injuries Compensation Authority being ordered to lift a cap on compensation payments.
 - (c) Toys For Our Boys: The News of the World "Toys For Our Boys" campaign delivered toys to the children of every serviceman and woman in Afghanistan in Christmas 2009. Toys For Our Boys gave each child a sack of presents worth £25, distributing a total of 6,000 presents across the country. The campaign's truck covered more than 2,000 miles to reach 32 distribution points across the country and the campaign teamed up with Tesco and HarperCollins to ensure there was a book in every sack.
 - (d) Help for Heroes: Help for Heroes - a charity established to help wounded soldiers returning from Afghanistan - was launched in The Sun on 29 October 2007 with the aim of raising £5 million. Within the first three months, The Sun published 182 supporting articles. The Sun's continued support of Help for Heroes has played a key role in influencing public attitude and engendering a sense of support for "our boys". To date the charity has raised £122 million.
 - (e) Baby P: Extensive coverage in The Sun was instrumental in gaining justice for the tragic life and death of murdered baby Peter Connelly. The Sun detailed the neglect and abuse suffered by Baby P and highlighted the failings of professionals who were meant to protect him. As a result, a horrified nation demanded answers which led to three enquiries and, in an unprecedented move, the sacking of Haringey Council's Head of Children Social Services Sharon Shoesmith.
- 71 I do not believe that my commercial interests conflict with the public interest in free expression. My perception is that the free expression of NI titles is uninhibited by NI or News Corporation's commercial interests. I refer to two examples. First, when The Sun

A14743638

announced its support for the Labour Party before the 1997 General Election, its circulation suffered. This commercial impact was not unexpected, but it did not inhibit The Sun's freedom to express itself. Secondly, when the phone hacking allegations broke in 2011 and NI itself became the subject of legitimate public interest reporting, our titles covered the stories extensively and served their audience. That is as it should be.

- (9) **The Inquiry also wishes to understand specifically your approach to editorial governance in your various press interests. Please describe your relationship as proprietor to the processes of appointing and removing editorial staff, and the nature of your working relationship with your editors during the currency of their tenure. How often do you meet with or speak to your editorial staff, and for what purpose? How far do you indicate, and manage, the limits of editorial staff self-determination? Your answer should cover both the general approach, cultural expectations, brand definition, and any specifics of editorial content. It should in particular address the issue of the allegiance of your titles to the prospects or policies of specific political parties - including but not limited to the part played by editorial stance during and in the run-up to democratic elections within the UK, and the expression of opinion by your titles about the appointment and performance of individual government ministers. There are undertakings in place in respect of the editorial independence of The Times and The Sunday Times - does this lead to a different relationship with the editors of those titles compared to the other News International titles?**
- 72 **As I understand the Inquiry has been told by editors of The Sun, The Times and The Sunday Times, there is great variation in my degree of contact and involvement with these titles – not just amongst the titles, but over time. This is not only because of undertakings made in conjunction with the acquisition of The Times and The Sunday Times, but because of the varying needs of the titles for my attention as circumstances warrant. While I have great affection for and interest in newspapers, I have responsibilities to a global media organisation with approximately 48,000 employees. News Corporation owns, among other things, a major film studio, the most popular US television network, other cable channels and a large number of newspapers, including 150 (counting free suburban papers) in Australia alone. There are times when I simply cannot devote significant attention to NI's titles.**
- 73 **Over the last 30 years, I did not involve myself much with the News of the World. I would on occasion (depending upon where I was located and other commitments) call the editor on a Saturday to inquire about whether there were any good stories for page one. I would see staff very occasionally when I was in London. The News of the World's brand definition was fairly consistent over the last 30 years. I would consult with others at NI**

about the hiring of editors, although I do not now recall any controversies about the appointment of an editor at the News of the World.

- 74 I spoke much more frequently with the editor of The Sun than with the editor of the News of the World. On rare occasions I would speak to the editor of The Sun every day, on some occasions not for a few weeks. Particularly when I was in London, I would take an interest in the paper and its editorial content. As with the News of the World, I would participate in discussions about who should serve as editor of the Sun, and whether a particular editor was effective, although those events were typically years apart (as most editors were long-serving).
- 75 With respect to the News of the World and The Sun, when it comes to political endorsements, I do not believe that I have dictated an editorial stance or interfered with the work of our editors. But I have, over the years, discussed the editorial stance of the paper with the editor, participated actively in discussions about editorial matters and who should receive political endorsements, and occasionally offered my views about the performance of editors. I did not involve myself in or ask about newsgathering techniques at The Sun or the News of the World.
- 76 On editorial matters, I observed the limitations imposed by the undertakings given by NI with respect to both The Times and The Sunday Times. I would call the editor of the Sunday Times when I could on Saturday and ask about major stories. With respect to The Times, I did on occasion comment on the length of stories and the appearance of the newspapers, but I did not delve into editorial stance on either The Times or The Sunday Times. I did from time to time voice opinions about the effectiveness of a particular editor at The Times and The Sunday Times. For example, based on comments made by staff, including threats by many to quit, I concluded that one editor of The Times was creating a chaotic working environment and should no longer serve. However, any nominations I made and any terminations I proposed were subject to the decision of the independent board (whose members were consulted in the case of the one editor who I thought was an ineffective manager). At no time did I recommend a change in editors at The Times or The Sunday Times based on the editorial stance of the title.
- 77 The Times and The Sunday Times both serve different audiences to The Sun and the News of the World. This was true when they were acquired and remains true, and I have made no effort to change that. I attach as Exhibit KRM25 an account by a former Times columnist, Alice Miles, who wrote that she was "barely aware" of my "existence. He never sought to influence a single article I ran on those pages. Occasionally one would hear that he was tickled by something; but never that he was angered. I once heard that he was particularly pleased with an article by John le Carré. The column argued against the invasion of Iraq in 2003 and its headline ran, "The United States of America has gone mad". As Ms Miles observed, I was in fact pleased when The Times published well written

A14743638

and thought provoking articles, even when they reflected a political stance with which I personally disagreed. In the 2005 election, while The Times (and The Sun) supported Labour, The Sunday Times supported the Conservative Party. Another example of our titles' varying stances is reflected in the NI publications' range of opinions on independence for Scotland. Those are detailed below.

- (10) Paul Dacre claimed in his evidence to the Inquiry that Prime Minister Tony Blair could not have committed British troops to war in Iraq without the "implacable support" of your newspapers. Please give an account of your titles' support for the war in Iraq. To what extent was that stance supported or indicated by you personally, whether expressly or impliedly? In the eight days before the commencement of the Iraq war, you spoke to Prime Minister Tony Blair by telephone on three occasions: on 11 March 2003, 13 March, and 19 March. On each occasion, who arranged these phone calls? What was the nature of the conversations you had?
- 78 Mr Dacre's speculation about the origins of the Iraq War is just that, speculation – if the question is whether Prime Minister Blair would have acted differently without the support of a particular newspaper, then that is a question best put to him.
- 79 I can say that, based on my assessment of the facts then known, I favoured the war. Although this was nine years ago, my recollection is that all of the Editors at NI's titles (and many of those at competitor newspapers) agreed with me. I am told that the following newspapers supported the war in Iraq in 2003, in addition to the titles published by NI: The Daily Telegraph; The Sunday Telegraph; The Observer; The Daily Express; The Sunday Express; The People (originally only with UN mandate); and the Daily Star.
- 80 As for the three telephone calls with the then Prime Minister, Tony Blair, in 2003, I cannot recall what I discussed with him now, nine years later, or indeed even if I spoke with him at all. I understand that published reports indicate that calls were placed by him to me¹. What I am sure about is that I would not in any telephone call have conveyed a secret message of support for the war; the NI titles' position on Iraq was a matter of public record before 11 March 2003. I exhibit at Exhibit KRM26 the following articles which illustrate the pro-war stance of The Sun and the News of The World before 11 March 2003:
- (a) Editorial in the News of The World published on 19 January 2003 under the headline "Time is running out" in reference to the work of the UN weapons inspectors, which concluded "But so long as the Butcher of Baghdad reigns, we cannot take a chance".

¹ For example, an article published in the Daily Mail on 19 July 2007.

- (b) Editorial in The Sun published on 13 February 2003 under the headline "Brave Blair: The Sun does not waver in its support for Tony Blair and George Bush on Iraq".
- (c) Editorial in the News of The World published on 16 February 2003 which began "The Prime Minister confronted the peace demonstrators yesterday with Churchillian mastery. And he turned their case on its head".
- (d) Editorial in The Sun published on 27 February 2003 which concluded "If the UN allows Saddam to keep on playing his games, it loses all authority and credibility. Then who will keep world peace?"

Relationships with politicians

- (11) The Inquiry would like to gain an understanding of your personal involvement with politicians over the period during which you have held commercial interests in the UK. How do you allocate your own personal time in this regard?
- 81 I have held commercial interests in the UK for 43 years. Based on the Inquiry's questions, it appears that my relationships with Prime Ministers Harold Wilson, Edward Heath and James Callaghan are of less interest to the Inquiry. In my answers below, I have focused on relationships with Prime Ministers since 1979.
- 82 Over the years, from time to time, I have met and spoken with a number of Prime Ministers. These meetings were typically initiated by the Prime Ministers themselves.
- 83 I have regarded these meetings as part of my work as a publisher, to understand government policy and leaders in order to serve our readers. I also am pleased to share with leaders of our government whatever our company has observed in its work and reporting around the world.
- 84 I cannot judge what may have motivated one or more political leaders to initiate contact with our company or with me, but I do not recall any specific Prime Minister expressly asking for the support of our newspapers. I do not doubt that political leaders reach out to publishers and editors to explain their policies as part of an effort to gain the support of our papers and ultimately our readers. I regard this as entirely appropriate. It allows our readers to be better informed, regardless whether our newspapers support the politicians or not.
- 85 As for how I "allocate my personal time," I do not believe that these meetings have taken up much of my time. In any case, as I indicate below, I regard this as part of my work as a leader of a global media organisation.
- 86 As requested below, lists of meetings held by me with Prime Ministers, Alex Salmond and Opposition Leaders are set out at Exhibits KRM27 to 29. The information contained in

A14743638

these Exhibits has been compiled from calendars maintained by me and on my behalf by former and current assistants, both in the UK and in the US, spanning a 24 year period, as well as emails and hard copy records. This has involved a careful and complex reconciliation exercise, but it is obviously possible that there are meetings or calls listed which did not in the event take place; my calendars often contain references to names where I had hoped or expected to place a call or have a meeting but none took place, or it took place on a different date. Conversely it is possible that meetings and (very likely) calls which were convened at short notice were not recorded and are therefore not listed. Where noted in my records, I have sought to list other attendees at these meetings but my records may be incomplete in this respect as well.

(11)(a) Please describe the general nature of your personal relationship with successive UK Prime Ministers. How would you describe the similarities and differences in these relationships? What is the value of these relationships to you, and why is it important for you to meet personally or speak regularly with UK Prime Ministers? What is your understanding of the value of the relationship with you to them? To what extent is political support for any individual, party or policy discussed in such interactions?

87 As one might expect, my relationships with Prime Ministers varied with the individuals. I explain below the type of relationship I had with each Prime Minister since 1979 and attempt to answer the Inquiry's other questions in the context of each relationship.

(11)(b) Without prejudice to the generality of the previous question, please describe the nature of your personal relationship with Margaret Thatcher.

88 I had a respectful relationship with Margaret Thatcher. I can today recall being invited to tea at 10 Downing Street and to a lunch at Chequers when the Prime Minister of Australia was visiting. I do not today recall much about other meetings while she was serving as Prime Minister although I am aware that my calendars record others, which are set out in Exhibit KRM27.

89 My recollection is that, occasionally, Prime Minister Thatcher and I discussed politics and current events. She always claimed that she did not read any newspapers. I am confident that we did not discuss her government's regulation of our business interests.

90 As for the "value" to me of these meetings, my view is that if an editor or publisher is invited or otherwise has an opportunity to meet with a head of government or political leader, you go – in part out of respect, in part because as the eyes and ears of your readers, you may have the opportunity to become better informed about those whose policies and actions can shape the lives of all of us. As for the value to the politicians, while I have no memory of being expressly asked for political support, I have no doubt that politicians are always making their case for support to various newspapers. They no doubt

view editors and publishers of newspapers as a means to reach out to and gather support ultimately from the readership.

(11)(c) Please describe the nature of your personal relationship with John Major.

- 91 I did not have what I would characterise as a personal relationship with John Major. My records reflect that I did in fact meet with him on a few occasions (as set out in Exhibit KRM27), although not as frequently as with his predecessor or successors. Of these meetings, I recall only the dinner in 1997, which I believe was initiated by third parties. The dinner discussion included politics, policy and Britain's future. I am sure we must have discussed politics and policy when we met on other occasions, but I have no recollection of those meetings.

(11)(d) Please describe the nature of your personal relationship with Tony Blair.

In July 1995, Tony Blair (then Leader of the Opposition) travelled to Hayman Island to address the annual News Corporation conference. The following day, a message of support for Tony Blair appeared in The Sun, noting that Mr. Blair "has vision, he has purpose and he speaks our language on morality and family life". Did you meet Mr. Blair personally on Hayman Island on that occasion? What was discussed? Did Mr. Blair seek your support in the upcoming general election? Who drafted the editorial on that day, and what was your input into it?

- 92 I have long been impressed by Tony Blair. I enjoyed speaking with him before, during, and after he was in office and met frequently with him (meetings during his time as Leader of the Opposition and Prime Minister as reflected in my records are set out in Exhibits KRM27 and KRM29). I would say that the majority of these meetings were initiated by Tony Blair. He was interested in political and economic developments all over the world. Looking back at my correspondence, I believe the topics we discussed included issues such as street crime, health care policy, European integration, the single currency, integrated European defence, Islamic terrorism, Iraq and Afghanistan. Over the course of his tenure as Prime Minister, it appears that I met with him sometimes only one or two times per year and more frequently in other years. I regard him today as a personal friend. He is the godfather to my daughter Grace.
- 93 Mr Blair did not expressly request our support in 1995, 1997 or any other election, but he was a politician and I had no doubt that he would welcome the support of our newspapers and our readers.
- 94 Mr Blair did in fact travel to address the News Corporation conference on Hayman Island. I was his host. Other distinguished guests included the Australian Prime Minister and the leader of the Opposition in Australia. I distinctly recall Mr Blair's address at our conference on Hayman Island. He spoke convincingly about the ability of a new Labour Party to energise Britain. I do recall believing that Mr Blair and the policies he advocated could

A14743838

help revitalise Britain, and sharing that view with newspaper editors at the conference, who were also impressed by Mr Blair's speech.

- 95 As regards the article in The Sun referred to in Question (11)(d), I have been shown two editorials that followed the Hayman Island conference, one dated 17 July 1995 (Exhibit KRM30) and one dated 21 July 1995 (Exhibit KRM31). It appears that Question 11(d) refers to the second of these two editorials. I did not draft either of these editorials.
- 96 Having now reviewed the two editorials, I note that they are something short of an endorsement. The first article notes that "for all his fine words, doubts remain" and questions what Mr Blair will "do" as opposed to say. The second article asks if new Labour is just "a one-man band" and wonders if Mr Blair is strong enough to resist the forces of old Labour; it goes on "The Sun has already said it likes the look of Blair ... But what he hasn't told us is precisely HOW he would change Britain, WHAT it would cost and WHO would pay".
- 97 Mr Blair also addressed a News Corporation conference in California in 2006.

- (11)(e) In his book "Where Power Lies: Prime Ministers v. the Media", Lance Price suggests that, prior to the 1997 election, there was an understanding between you and Tony Blair that "If Murdoch were left to pursue his business interests in peace, he would give Labour a fair wind". Please comment on this.

The Inquiry understands that in 1998 you were interested in buying a stake in the Italian media company, Mediaset. In an interview with The Times newspaper, you said that you had asked Prime Minister Tony Blair to contact Italian Prime Minister Romano Prodi in relation to your plans. Please explain in further detail what you asked Prime Minister Blair to do on your behalf and what the outcome of this request was.

- 98 I have not read Mr Price's book. Any suggestion that an agreement was reached with Mr Blair about trading editorial support for lax regulation of News Corporation is false. Mr Blair did speak about a new Labour Party approach to the economy generally: recognising the importance of free enterprise, reforming bureaucracy, and encouraging business generally to prosper. I thought those policies would serve everyone's interests. I did not reach any agreements with Mr Blair about any future government's regulation of our business interests. Indeed, Mr Blair established Ofcom, which has been a very active regulator. Even after The Sun endorsed Mr Blair, The Sun did not hesitate to criticize Mr Blair's stance on issues. When Mr Blair appeared to support a single currency, The Sun asked whether he was "the most dangerous man in Britain" (Exhibit KRM32).
- 99 With respect to Mediaset, to the best of my recollection, the article published in The Times on 27 March 1998 correctly quotes me: I did not ask Mr Blair to lobby anyone or to

intercede on my behalf. I sought his judgment on behalf of a British business (BSkyB) considering a European investment (in Mediaset) that was offered by Mr Berlusconi.

- 100 I believe that I asked Mr Blair for his judgment on whether he thought Mr Prodi would be receptive to a British company acquiring Mediaset. Apparently Mr Prodi called Mr Blair, and the Italian Prime Minister indicated that he would prefer an Italian purchaser, which was in essence what Mr Prodi had earlier said to me. According to the rest of The Times article referred to in Question (11)(e), Mr Blair regarded the charge that he had "intervened" on my behalf as "a complete joke." Mr Blair was quoted, "I treat Mr Murdoch no differently from anyone else in respect of any business with British interests." That was and remains my belief as well.

(11)(f) Please describe the nature of your personal relationship with Gordon Brown.

- 101 I felt a personal connection with Gordon Brown. He is Scottish, as was my grandfather, and we spent time discussing the fact that we are both descended from a long line of Presbyterian ministers. He gave me a lovely gift, a book of his father's sermons. My wife and his also developed a friendship, and my children and his played together. For some period of time, I contributed to Mrs Brown's charity. I certainly thought we had a warm personal relationship.
- 102 The meetings with Mr Brown reflected in my records are set out in Exhibit KRM27. Although I cannot recall with precision, I believe that the majority of the breakfasts and lunches were initiated by Mr Brown, and we would discuss politics and policy. My recollection is that the dinners that were attended by our wives were typically organized by Sarah Brown. Those were social occasions where we talked mostly about our families, and not about politics.
- 103 Based on our correspondence, it appears that the topics I discussed with Mr Brown during his time in office included spending, budgets, health care, the strength of the pound, the efforts of Mr Blair and Mr Brown to chart a new course, the creation of an entrepreneurial society, the future of the Conservative Party, Mr Karzai and Mr Brown's unhappiness with The Sun's reporting on Iraq and Afghanistan. Even when he was displeased with our editorial coverage, Mr Brown extended warm wishes to my family, to which I reciprocated, in an exchange of correspondence in April 2010 which I exhibit at Exhibit KRM33.
- 104 My personal feelings about Mr Brown did not change my view that, just as I had earlier concluded that the Conservative Party had grown tired in its approach in 1995, I concluded in 2010 after 13 years of Labour Party rule that the country needed a change. I am afraid that my personal relationship with Mr Brown suffered after The Sun no longer supported him politically. I continue to hold him in high personal esteem.

(11)(g) Prime Minister David Cameron became leader of the Conservative party and leader of the opposition on 6 December 2005. When was the first time you met him after this date? Who called the meeting? On 16 August 2008, you met with David

A14743638

Cameron on a yacht near Santorini. Who called the meeting? What, in general terms was the purpose of your meetings with David Cameron when he was leader of the opposition? How many times did you meet with him formally or informally before he became Prime Minister?

- 105** I believe that I first met David Cameron at a family picnic at my daughter's country home. No politics were discussed, as we were overrun with children. In fact, I was particularly struck by the way that Mr Cameron looked after his son. I remember thinking that he was a good family man.
- 106** At some point thereafter, I believe that Mr Cameron visited me at my office at Wapping at his request. My recollection is that Mr Cameron presented his party's position on current issues. The meetings which, according to my records, I attended with Mr Cameron (as well as events which we both attended) before he became Prime Minister are listed in Exhibit KRM29.
- 107** I have no memory whatsoever of meeting Mr Cameron on a yacht in 2008, but I am assured by my wife that we did in fact meet on my yacht and have a drink at that time.
- 11(h)** The current Prime Minister, David Cameron, has published a list of meetings with media proprietors, editors and senior executives since he took office on 11 May 2010. The Inquiry would be grateful if you could provide a list of all official and unofficial meetings you have had with British prime ministers since 1988; please indicate at whose initiative these meetings were called, and describe, by way of as specific a summary as possible, the content of these discussions.
- 108** As noted above, I have exhibited at Exhibit KRM27 a list of meetings held with British Prime Ministers from 1988 onwards. The list includes receptions and social occasions when I may not have actually met with the Prime Minister but we were both in attendance. I note again that we held annual summer parties attended by dozens of politicians of all parties as well as non-politicians, and I believe that I encountered the Prime Minister as well as Mr Milliband and others at the party last year without a record being made of the meeting. I repeat the caveats noted above in relation to this list.
- 109** I can say that, to the best of my memory, these meetings were typically initiated either by the politician or by a third party. It is simply not possible for me now to recount with any precision what was discussed at any particular meeting, although I have noted above some of the topics I am confident we did discuss. However, I am by nature a curious person and am sure we discussed additional topics. What I can say is that, typically, the Prime Ministers have been interested in discussing their views about challenges facing the country (and them) and how the government plans to address them; issues and conditions facing other countries and how leaders in those countries are addressing them; and, News Corporation's views or my personal views on what is going on around the globe.

- 110 As I indicated earlier, Mrs Thatcher was not one for much personal conversation; I simply do not recall meetings with Mr Major; Mr Blair always spoke with enthusiasm about the new Labour Party's approach to the challenges facing our country and was equally curious about what economic and social trends we at News Corporation were seeing in our global businesses; Mr Brown and I shared some personal background and also discussed the challenges facing Britain; and Mr Cameron, since his election as Prime Minister, and I have met principally in social settings, where little of substance was discussed. I do recall that, shortly after his election, Mr Cameron invited me in for tea at No. 10 Downing Street, he thanked me for the support of our papers; I congratulated him and told him that I was sure our titles would watch carefully and report whether he kept all of his campaign promises. The meeting lasted at most 20 minutes. I have otherwise provided what I can remember about meetings with Prime Ministers in my answers above.
- (11)(i) To what extent were you, or your representatives, involved in discussions with David Cameron or other senior Conservative politicians or their political advisers, about the appointment of Andy Coulson to a post in No.10? Please give a full account.
- 111 I was not involved at all. I did not discuss the appointment of Mr Coulson with Mr Cameron or with other senior Conservative politicians or their political advisers, nor did I ask anyone to speak to any of them on my behalf. I understand that, in the limited time available, Linklaters has carried out electronic searches in an effort to identify emails on this subject and none has been found.
- (11)(j) Please describe the nature of your relationship with First Minister of Scotland Alex Salmond. Please provide a list of all official and unofficial discussions and meetings with Mr Salmond, whether before or since his election to that office, indicating at whose initiative these meetings were called and a summary of the content of these discussions. What is the value of this relationship to you? To what extent is political support for any individual, party or policy discussed in such interactions? Specifically, please give an account of your titles' editorial stance to the issue of Scottish devolution and independence, and the part you expect your titles, and your interactions with Mr Salmond, to play in the run-up to the current planned referendum on Scottish independence. You should explain in your answers the extent to which your interactions with Mr Salmond are similar to or different from your interactions with other senior politicians on this issue, including the First Minister of Wales, and the First Minister and Deputy First Minister of Northern Ireland.
- 112 Mr Salmond has a fine sense of humour and I enjoy speaking with him. I am interested in his exploration of independence for Scotland, although I question its practicality, and I have enjoyed discussing the subject with him. I also have discussed News Corporation's

A14743638

investment in Scotland, a matter of interest to both of us. BSKyB is one of the biggest private employers in Scotland. My calendars indicate that I have had about a half dozen calls or meetings with him over the last four years. I have attached as Exhibit KRM28 a list of the discussions and meetings requested by the Inquiry.

- 113 As for the "value" of the relationship, I can say that I like Mr Salmond, I am interested in Scotland because I am half-Scottish. I am interested in the writings of the Scottish Enlightenment, and intrigued by the idea of Scottish independence. The topics we have discussed include Scotland's economy and possible NI investments in Scotland. He has not explicitly asked me for the political support of NI's titles and we have not discussed any such support, but of course Mr Salmond is a politician.
- 114 I am informed that the stance of NI titles on the issue of Scottish devolution and independence to date has been as follows:
- (a) The Scottish Sun, the leading newspaper in Scotland, has backed Labour (2007) and SNP (2011), while not supporting independence. It is neutral on Scottish independence.
 - (b) The Sunday Times supports greater fiscal autonomy but not independence.
 - (c) The Times has been supportive of devolution but leans against Scottish independence.
- 115 I do not know what, if any, part the NI titles will play in the run-up to the current planned referendum on Scottish independence in autumn 2014. I have no doubt all three titles will report upon the referendum and will publish thoughtful and interesting commentary on it.
- 116 I have no relationship with the First Minister of Wales and the First Minister of Northern Ireland, perhaps because I simply have not had the pleasure of meeting them.
- (11)(k) To what extent do you meet other British senior politicians, including opposition leaders? How often do you meet them, and to what purpose? Please provide a list of all official and unofficial meetings you had had with British leaders of the opposition since 1988. Where possible, please indicate who called these meetings and what was discussed at these meetings. Why do you consider it important to meet or talk with British leaders of the opposition? To what extent is political support for any individual, party or policy discussed in such interactions? If the issue of the support of any of your titles for a political party in the run up to a general election has arisen in the course of such discussions, to what extent has such support been - expressly or impliedly - conditional, and on what sort of decisions or contingencies?
- 117 When opposition leaders or other British senior politicians seek a meeting, I agree to the meeting - often with an editor. The purpose of the meeting from my perspective is to gain

A14743638

insight into the politicians, their personalities, their principles, and the policies they might pursue, to help our readers and to inform myself and our editors about these matters of public interest. The topics I have discussed with senior politicians typically include efforts to revitalize their party (for example with Mr Blair when he was the Labour opposition leader, and with Mr Osborne as regards the Conservative party). My discussions with Nick Clegg and others at a dinner party included the topics of Afghanistan, public spending and the banking culture.

- 118 I have attached as Exhibit KRM29 a list of all official and unofficial meetings with leaders of the Opposition since 1988 and have sought to include an indication as to who initiated these and what was discussed, where I am able to recall or my records enable me to do so. The list is subject to the caveats noted in paragraph 86 above. As I indicated earlier, I may attend a dinner party or reception that includes one or other politician, including an Opposition leader, without a record being made or maintained.
- 119 I do not recall opposition leaders expressly asking for political support, but I am confident that this is part of what motivates them; they are seeking to reach our readers through us. I am sometimes questioned about what News Corporation is experiencing in other countries facing similar economic or political issues and I am happy to share this information.
- 120 I have never negotiated to provide editorial support in exchange for any favours or promises. As I have said, I supported a shift to Labour by NI's titles when I thought the Conservative Party had run out of ideas, and I supported a shift to the Conservative Party after 13 years of Labour rule for the same reason. Millions of others, with less substantial business interests, apparently felt the same way.
- (12) **Recent disclosure by the Government shows that between May 2010 and July 2011, News International executives met with the Prime Minister and Chancellor of the Exchequer more often than all the other media organisations combined. Who instigated these meetings? Please give your perspective on that. Can you explain the benefits for, and any risks you perceive to, the public interest and the democratic process involved in this level of access. Please give your perspective on whether, to what extent, and why the existence, and the content, of those meetings should be placed into the public domain. To what extent would a change to greater public transparency affect your own approach to these contracts?**
- 121 I believe that the premise of the question is not correct. As I understand it, Prime Minister Cameron attended 74 meetings with media organisations over the period in question. Of these, 26 involved representatives of our newspapers or News Corporation. There were 48 other meetings with media organisations that did not involve NI or News Corporation representatives. Therefore, I do not believe that the Prime Minister met more often with NI executives than with all other media organisations combined.

A14743638

- 122 Of the 26 meetings with people from our newspapers, four were sponsored award ceremonies, two were receptions, and two were speeches to the Times CEO summit. That suggests that there were 18 face to face meetings between the Prime Minister and representatives of NI or News Corporation. Of these 18 face to face meetings, the bulk of the meetings were with editors of NI titles and only one was with me. I believe that the statistics as they relate to meetings with the Chancellor are similar.
- 123 In any event, I believe that these meetings, in whatever number, contribute to the democratic process and do not pose risks as Question (12) suggests. Meetings with newspaper editors and publishers are a way for politicians to reach out and explain themselves to a much larger audience, and to make arguments to millions of readers. My view is that every news organisation should take these opportunities when they present themselves, become as informed as possible about our public officials, and thereby be in the best position to report information and offer their readers informed opinions about people and issues of critical importance to the life of our nation.
- 124 I would certainly welcome it if these meetings were listed on some public schedule. I believe that the public is best served when newspapers have more access and more information, rather than less.

UK public policy issues

- (13) Please give an account of your personal investment, and the investment of your commercial interests in the UK, in all forms of lobbying activity in relation to UK public policy. This should include, in addition to any specific interactions with politicians not covered above, any commissions to or investment in lobbying or campaigning organisations or charities, interactions with political parties, with Parliament, government or other public organisations, and any public campaigns conducted otherwise than through the editorial content of your titles (for example by way of advertising, or of public speeches, events or comments) on behalf of you or your interests. Please explain the extent of your financial and personal commitment to these activities, and how you measure their effectiveness or otherwise.
- 125 I have addressed the subject of my personal interaction with politicians in earlier responses. I have made no personal investment in lobbying, but (as I explain below) News Corporation, like other companies and institutions, has engaged in lobbying in the UK to explain our interests, as well as those of our thousands of employees and millions of readers and viewers.
- 126 I have always believed in the free market and open competition. I have from time to time spoken in public and private settings about the need to free business from unnecessary

A14743638

restrictions so that all of us can compete on a level and increasingly international playing field.

- 127 As a media company with broad and varied interests in the UK, News Corporation has been involved in a variety of activities over many years, from formal submissions in response to government consultations on new legislation to more informal interaction with politicians or industry representatives. Its purpose is to ensure that we are well informed and can share opinions on matters of importance to our company and our industry. Broadly speaking, we have advanced our views in favour of free markets and open competition.
- 128 I am informed that, in 1989, a Corporate Affairs function was established within NI. Its primary focus for many years was on public relations and charitable donations. NI from time to time would engage outside counsel and others to make representations to government on matters of interest to the company. Only in more recent years has NI's Corporate Affairs team assumed responsibility for interaction with government.
- 129 In 2008, we established a corporate group to oversee our European and Asian businesses in London. A Corporate Affairs function was established within News Corporation Europe and Asia; its role was to manage external affairs. The UK was part of its geographical remit. This function has its own director and is responsible for interaction with government.
- 130 I understand that a significant proportion of that interaction takes the form of submissions made in response to a request from government for contributions from interested parties at an early stage in drafting of new legislation. New legislation in certain areas may have huge, unintended impacts on the business. For example, new legislation affecting freedom of expression, data protection or digital copyright. Other legislation may directly affect our businesses in an adverse manner, such as proposing that VAT applies to newspapers. As experts in our business, we are able to give a detailed analysis of the impact – desirable or undesirable – and suggest amendments. At a later stage, representatives of the company may be asked to meet with a junior minister to explain in more detail the consequences of proposed law changes.
- 131 NI, like other large companies and institutions, may respond to proposed changes in existing legislation. For example, I understand that the UK Arms Export Control Act 2002 restricted the export of military equipment. This unintentionally meant that journalists travelling to war zones were required to apply for a licence before being able to take protective clothing, such as flak jackets, out of the UK. As a result, journalists were either subject to a delay, or required to source protective gear locally. I understand that representatives of the media industry, including NI, successfully requested that a clarification was inserted into the legislation to the effect that individuals be permitted to travel abroad with protective items for their own use.

A14743638

- 132 We have sought legal advice on important issues and, where appropriate, submitted to government leading counsel's opinion, such as leading counsel's opinion submitted in relation to the foreign media ownership rules in the Communications Bill, and Antony White QC's opinion submitted in relation to the proposal to introduce custodial penalties for s.55 of the Data Protection Act 1998.
- 133 News Corporation or its subsidiaries have also sometimes sent letters or advanced positions to legislators during the passage through Parliament of a bill or proposed statutory amendment.
- 134 The general message of our efforts is consistent: we have always urged government to favour competition over regulatory restraints.
- 135 On occasion, I understand the company has also made representations to regulatory bodies, such as Ofcom or Ofcom.
- 136 Issues which effect journalism, freedom of expression and the management of a media company are common to our competitors in the media and we regularly work with an industry body to represent our views to government, in writing or in person. The relevant industry body may make submissions to government outlining concerns or recommendations. A face to face meeting with senior representatives from across the industry may also take place. Industry bodies which have represented the company's interests include the BIPA (British Internet Publishers Alliance) and the NPA (Newspaper Publishers Association).
- 137 I understand that NI has, over the years, provided funding to a number of think tanks, including the Institute of Public Policy Research and the Institute of Economic Affairs. These bodies contribute to the national debate on public policy issues.
- 138 By way of further detail, I have been informed that News Corporation has participated in the following activities in recent years:
- (a) As regards interactions between representatives of News Corporation and politicians, political parties, Parliament and government, by way of example I refer to a list in Exhibit KRM34 which identifies subjects on which political engagement has taken place and the names of MPs and other officials with whom News Corporation has had contact for the period 2009 to date. This list refers to a number of submissions produced and published by News Corporation in response, for example, to public consultations. It also includes various public speeches and roundtable events involving News Corporation representatives. News Corporation is sometimes asked to attend sessions of or make formal written submissions to various government departments, regulators or parliamentary select committees; a number of examples are included in the list.

- (b) News Corporation is a member of the following organisations which may, from time to time, campaign on public policy issues:
- (i) Conference of British Industry, which provides a voice for employers at a national and international level. News Corporation has been a full member since January 2012.
 - (ii) Motion Picture Association of America, an organisation which promotes the American motion picture, home video and television industries in the US and around the world. News Corporation is a member.
 - (iii) Internet Advertising Bureau, a trade association for online and mobile advertising, which promotes growth and best practice for advertisers, agencies and media owners. News Corporation is a member.
 - (iv) Publishers Association, a trade association serving book, journal, audio and electronic publishers. News Corporation is a member.
 - (v) UK-India Business Council, a business-led organisation promoting bilateral trade and investment between the UK and India. News Corporation has been a corporate member since March 2011.
 - (vi) UK-India Business Leaders Climate Group, a group launched at the Foreign and Commonwealth Office, with William Hague (British Foreign Secretary) and Greg Barker (Minister, Department of Energy and Climate Change). News Corporation is a member.
- (c) NI is a member of the following organisations which may, from time to time, campaign on public policy issues:
- (i) Newspaper Publishers Association (to which NI provides funding and an NI executive is a Council Member);
 - (ii) Newspaper Marketing Agency (to which NI provides funding and an NI executive is the Chairperson);
 - (iii) Newspaper Licensing Agency (to which NI provides funding);
 - (iv) Press Distribution Forum;
 - (v) News Media Coalition (to which NI provides funding);
 - (vi) Newspaper Industry Materials Committee (on which an NI representative sits);
 - (vii) European Newspaper Publishers Association;
 - (viii) European Publishers Council (to which NI provides funding);

- (ix) World Association of Newspapers and News Publishers (to which NI provides funding); and
- (x) Associations of Newspaper and Magazine Wholesalers.

- 139 The financial commitment of News Corporation to these activities in the UK is difficult to quantify. The more obvious costs include operating the Corporate Affairs teams, paying to be a member of various industry and trade bodies and contributions to think tanks, as explained above.
- 140 I am not aware that News Corporation has engaged in any formal review of the effectiveness of its Corporate Affairs teams. On an informal basis, I would say that our focus is on fulfilling the purpose of being well informed of the various types of legislation and government action that could affect our business and of having our voice heard on these important issues.
- (14) Prior to the 1997 election, the Labour party changed its position on monopoly controls, in particular in relation to the Conservative proposals to block large press groups from buying ITV or Channel 5. Having previously supported the proposals, the Labour party subsequently opposed the controls, arguing that they treated newspaper groups unfairly in their access to broadcasting markets. Please give a full account of any involvement or representations by you or on your behalf in relation to this matter.
- 141 I have recently been informed that the Conservative government published a White Paper on Media Ownership in May 1995 and a White Paper on Digital Terrestrial Broadcasting in August 1995. I understand that these White Papers led to the enactment of the Broadcasting Act 1996, which received Royal Assent in July 1996 and the various provisions of which came into effect in October and November 1996.
- 142 Among other things, I understand that the Broadcasting Act 1996 introduced new rules on cross-media ownership which permitted media businesses to diversify into new areas. However, one provision prevented national newspaper groups with over 20% of national circulation from owing more than a 20% stake in ITV or Channel 5. This provision presented a barrier for potential business development by NI (and others). I believe NI would have voiced opposition to this provision, but I do not recall taking any steps in that regard.
- 143 I do not know what Labour's formal position was in response to either White Paper, in response to the Broadcasting Bill during its passage through Parliament, or in response to any subsequent developments.
- 144 I am confident that I did not ask Mr Blair (or any member of the Labour Party) for assistance on this matter before or after the election. Nor did I ask him (or anyone else) to

A14743638

take any action in exchange for political support from me or any of our publications. Neither NI nor News Corporation ever acquired Channel 5. Nor was NI or News Corporation interested in acquiring Channel 5, which I understand was purchased by Mr Desmond.

- (15) To what extent were representations made by you, or on your behalf, in relation to the drafting of the provision which became section 12 of the Human Rights Act? Please give a full account.
- 145 I do not recall taking any action or even discussing this subject with colleagues at NI or with editorial writers. I am told that NI representatives, along with the rest of the newspaper industry, lobbied for the press to be exempt from the Human Rights Act. The lobbying was led by Lord Wakeham of the PCC and supported by the opinion of David Pannick QC. I understand that there were written submissions from various newspapers including The Times.
- (16) On 1 November 2008, the Guardian reported the release of a Downing Street memo which recorded a meeting between you and Prime Minister Tony Blair in 1998 in relation to the European Commission's investigation into British Interactive Broadcasting. Please explain the nature of this meeting, who called it, and what you were seeking to achieve. Did you ask the Prime Minister to intervene in the European Commission's investigation into British Interactive Broadcasting? If so, what was the result?
- 146 I do not recall the meeting, which apparently took place some 14 years ago. I have not seen the memo to which Question (16) refers. Having recently seen the Guardian article, I can say only that it would not surprise me if I had raised with Mr Blair the fact that a British business in which we had a 33% interest was (in my view) being badly treated by the European Commission. The article reports that Mr Blair was interested in making British business more competitive globally, and in ensuring cross-border competition. That is certainly consistent with my recollection of his general view. I never asked Mr Blair for any special treatment over and above what other British companies would expect, nor would he have agreed to such a request.
- 147 As for the result, British Interactive Broadcasting ("BIB") was a joint venture between BSkyB, BT, HSBC and Matsushita. It was cleared by the European Commission and launched in 1999. BSkyB eventually bought out the other joint venture partners in BIB. BIB is expected to be put into liquidation in June 2012.
- (17) It has been widely reported that you (or your company) strongly lobbied government in the lead up to the passing of the Communications Act 2003. Please confirm whether you or your company lobbied government on the contents of the 2003 Act, and what you were seeking to achieve as a result of such lobbying. Were

A14743638

you content with the contents of the Communications Act 2003 insofar as it relates to media ownership provisions?

- 148** Cross-media ownership issues are of significant interest to News Corporation for obvious reasons and I am informed that NI, like other media companies, made its own representations and supported representations made by media organisations with respect to the Communications Act. I have summarised what I have been told on that subject below.
- 149** I have been shown NI's Response to the Consultation on Media Ownership Rules dated January 2002 Exhibit KRM35 which set out in detail NI's position on the Communications Bill. I understand that NI had already presented submissions on this subject dated 23 June 2000 and 6 February 2001, respectively before and after the White Paper entitled "A New Future for Communication" published in December 2000. NI's paper dated January 2002 carried three main messages:
- (a) As regards foreign ownership, NI opposed restrictions on foreign companies owning certain media properties in the UK. Foreign ownership had brought new investment and innovation, adding to diversity and competition. In a global market place, it was difficult to define the nationality of companies. Leading counsel's opinion stated that protectionist controls were incompatible with the European Convention on Human Rights. Restrictions on the inflow of capital and skills were damaging.
 - (b) As regards cross-media ownership, NI submitted that competition law would be sufficient to ensure that any proposed cross-media merger would prevent an undue concentration of sources of information and entertainment. The existing limits were outdated and discriminatory, and were to the detriment of the consumer.
 - (c) As regards newspaper mergers, NI submitted that newspaper ownership should be regulated by normal competition laws and not by any special rules. NI rejected the solutions proposed in the White Paper.
- 150** Other publishers and broadcasters who expressed views on the Communications Bill included Associated Newspapers Limited, the BBC, the Campaign for Press and Broadcasting Freedom, Daily Mail and General Trust, Guardian Media Plc, the Newspaper Society, SMG Plc and Trinity Mirror.
- 151** NI's views were shared by some (for example Daily Mail and General Trust and SMG Plc) and opposed by others. NI's arguments were accepted to some degree. I understand this is reflected in the second report of the Culture Media and Sport Select Committee.
- 152** The Communications Bill was also subject to considerable criticism in the press. I have recently been shown several articles which summarise some of the coverage (Exhibit

A14743638

KRM36), for example on 8 December 2002 The Guardian reported under the headline "Press gangs up against bungling Bill", and on 29 April 2003 the BBC reported on "Broadcasting's battle for Britain". Much of the focus was on whether Ofcom should be extended to cover press regulation.

- 153 I have recently been informed that around this time, executives of BSkyB and NI were in communication with and attended various meetings with Tessa Jowell, the then Secretary of State for Secretary of State for Culture, Media and Sport. I am also informed that NI representatives spoke to members of the House of Commons and House of Lords to reinforce the messages set out in its submissions described above. NI worked with a number of politicians, including, for example, the Conservative opposition spokesmen, to reinforce its key messages in relation to the White Paper.
- 154 My understanding is that the Communications Bill relaxed certain ownership restrictions with respect to Channel 5. I thought that was appropriate, although News Corporation did not acquire an interest in Channel 5, nor did we ever intend to do so. I further understand that the Bill maintained other restrictions on cross-ownership and on free competition. Our consistent view has always been against more restrictions, and in favour of more competition and more consumer choice.
- (18) It has also been widely reported that after the publication of the Information Commissioner's two reports in 2006 (What Price Privacy? and What Price Privacy Now?) you (or your company) made strong representations opposing the Information Commissioner's recommendation that a new custodial sentence should be imposed for certain breaches of section 55 of the Data Protection Act 1998. Can you confirm whether you (or anyone on your behalf) made representations, or lobbied government, on this issue? What form did those representations take? If you did not make the representations personally, who on behalf of your company did so? Please list all individuals (including editors) who were involved in this process.
- 155 I made no such representations nor did anyone at my request or with my knowledge.
- 156 I have recently been told the following (of which I was not previously aware):
- (a) In the period May to October 2006 the Government conducted a consultation into increasing penalties for misuse of personal data. I understand that the then Legal Manager of TNL (Alistair Brett) provided some assistance to a representative of the Newspaper Society in making representations within that consultation. I understand that articles were published in The Times and The Sunday Times on this topic, shortly before the consultation closed.
 - (b) In October 2006, Les Hinton (then Chairman of NI) acting in his capacity as Chairman of the Editors Code of Practice Committee had a meeting with Richard

A14743638

Thomas (then Information Commissioner) at which the subject of prison sentences for breach of s.55 may have been discussed.

- (c) At some point during the passage through Parliament of the Criminal Justice Act 2008 (which provided enabling legislation to impose a maximum two year prison sentence for breach of s.55 of the Data Protection Act, but which has yet to be activated) Mr Brett had a meeting with Maria Eagle, then the Parliamentary Under-Secretary of State in the Ministry of Justice. This is reflected in Mr Brett's witness statement to the Inquiry in which he says he lobbied the Government over the Data Protection Act 1998.
- (d) Mr Brett obtained and submitted to government the Opinion of Antony White QC, to lend independent force and credibility to the legal points being made by NI.
- (e) I understand that, according to a letter published in The Guardian, all major newspapers and television outlets expressed opposition to custodial sentences in the Data Protection Act. The letter is attached as Exhibit KRM37. Another article in the Guardian reported that the Telegraph Group, Associated Newspapers and NI successfully lobbied against custodial sentences for breaches. The article is attached as Exhibit KRM38.

(19) In 2006, the European Commission proposed to split the auction of Premier League broadcast rights into two equally sized packages to avoid a monopoly situation. It was reported that the Prime Minister Tony Blair and Chancellor Gordon Brown intervened in this process. Did you or any News International executive have any meetings or conversations with the Prime Minister or the Chancellor in relation to the Commission's proposals? Did you or any News International executive request any intervention? If so, please explain the nature of those meetings, conversations or requests.

157 I have no recollection of asking Mr Blair or Mr Brown to intervene on my behalf or on behalf of my companies. I am not aware of any NI executive having any meetings with either of them, or making any such request and note that broadcasting issues would not typically concern NI. However, I have recently been told that my son James had a telephone conversation with Tony Blair on 7 October 2005, which James thinks may have been in respect of the European Commission's investigations in this area.

158 I understand that the European Commission never formally proposed to split the auction of Premier League broadcast rights into two equally sized packages, but that it was only rumoured that this was under consideration.

159 I can report that BSkyB made possible the building of the Premier League into perhaps the world's most prominent football league. I am proud of BSkyB's contribution to sport in that effort. I understand that many of the more detailed reports on this matter appear to

A14743638

suggest that any intervention by Government ministers was motivated primarily by a desire to increase the level of "grass roots" funding for the sport that arose from the sponsorship of the Premier League.

- (20) In November 2009, Peter Mandelson publicly claimed that there was an agreement between News International and the Conservative party along the following lines: "What the Sun can do for the Conservatives before and during the election is one part of that contract. And presumably what the Conservatives can do for News International if they are elected is the other side of the bargain". Please comment on this. Was there any kind of formal or informal agreement reached between the Conservative party and News International prior to the 2010 General Election? If so, please explain its nature.
- 160 I had not heard Lord Mandelson's allegation until recently, but a transcript of his statement in a short interview for BBC Radio 4's Today programme has recently been shown to me. It appears that he does not actually accuse me of entering a secret "agreement" with the Conservative Party – instead, he suggests that "they have effectively formed a contract," one that is "plain to see . . ."
- 161 According to Lord Mandelson's autobiography, not even he believed this charge. Attached as Exhibit KRM39 is an excerpt where he concedes that he made this suggestion to provide political cover for Mr Brown, even while recognizing that it had no foundation. In any event, the charge is false. There was no "contract" between the Conservative Party and NI, just as there was none between the Labour Party and NI. (I note that the BBC interviewer points out that Lord Mandelson was only too happy to receive the support of The Sun when it was attacking Prime Minister John Major.)
- 162 What I can say is that, in 2010, I and several million others came to the view that, after more than a decade of rule by one political party, it was time for a change. No one promised NI anything in order to induce its executives or Editors of its titles to support the Conservative Party.
- (21) Prior to the 2010 General Election, was there any attempt by or on behalf of News International to influence Conservative policy in relation to the regulation of the media by Ofcom or others? Please give full details.
- 163 I made no effort to influence any Conservative policy in relation to regulation by Ofcom.
- 164 I have recently been told that my son James (in his role as Chairman of BSkyB and CEO of News Corporation Europe and Asia) and Rebekah Brooks (in her capacity as CEO of NI) had meetings with various Conservative MPs on this subject in the run up to the 2010 General Election. Details of such meetings are set out in Exhibit KRM40.

- (22) On 24 July 2011, the Daily Telegraph reported that the Conservative party had dropped its policy to "top-slice" the BBC licence fee after lobbying from News International executives. Please comment on this report. Prior to the 2010 General Election, were any approaches made by or on behalf of you to Conservative politicians in relation to the BBC licence fees or on otherwise limiting the expansion of the BBC and its development into digital or online broadcasting?
- 165 I have been shown an article published in The Sunday Telegraph on 24 July 2011 (a day on which the Daily Telegraph was not published) reporting that, two years before the 2010 election, Mr Cameron rejected a plan to "top-slice" the BBC licence fee and share it with other broadcasters, and that after he became Prime Minister, Mr Cameron had two meetings with my son James. I do not know what this article purports to demonstrate.
- 166 I have recently been told that my son James discussed certain BBC issues with Jeremy Hunt, both before and after the 2010 General Election. In particular such issues were discussed at two of the meetings referred to in Exhibit KRM40 between James and Jeremy Hunt, on 19 October 2009 and 12 February 2010. James may be in a better position to respond to the inquiry on this topic.
- 167 I do not know if anyone claiming to act on my behalf engaged in any lobbying or attempts to persuade politicians on the subject of the BBC licence fee. I did not do so and I have no recollection of asking anyone to do so. This is the first I have heard of the idea of allocating a portion of the BBC licence fee to other broadcasters, which strikes me as totally inappropriate.

Allegations of illegal and unethical conduct within NI

- (23) Please provide the inquiry with a detailed history and analysis of the phone hacking scandal at News International. In general terms, what was your personal knowledge, and what actions did you take, at each stage? Why and how was the decision made to close the News of the World? Please also give a full account of News International's policy in relation to police interest in its activities from December 2005 to date.
- 168 I was not aware of any police interest in NI's activities in the period December 2005 to August 2006. Nor, I believe, was anyone at NI aware of such interest until the arrests of Messrs Mulcaire and Goodman in early August 2006.
- 169 In August or September of 2006, I learned about the arrests. This was the first time I heard that anyone associated with News of the World had engaged in phone hacking. Given that I was travelling with my family for much of August and not in London until late in September, I believe that I learned about the arrests in a telephone call with Les Hinton.

- 170 I recall being told, probably by Les Hinton, that NI was cooperating with the police investigation of the matter. I thought that was the appropriate course of action. The police, who I understood had searched Mr Mulcaire's home, were in the best position to follow up on the evidence of his activity and investigate the matter and I thought it was appropriate for NI to support the police investigation. I understand some witnesses from the Metropolitan Police Service ("MPS") have recently testified that they did not receive much in the way of cooperation from NI in connection with their efforts to search the newsroom or their requests for documents; I had no knowledge of this at the time, my understanding was that we had retained a law firm for purposes of facilitating cooperation and I was not told of any complaints or objections from the MPS, if any were made. I am not aware of any "policy" adopted by NI in this regard.
- 171 At some point later in 2006 I recall being told, again by Les Hinton, that the police had said that they were not looking at any other journalists. This was consistent with my understanding that NI had cooperated with whatever inquiries the police made of this matter. Had the MPS concluded that they had been obstructed in their investigation, I would not have expected to hear that their investigation was complete.
- 172 Sometime in early 2007, after Mr Goodman pleaded guilty, I recall learning that Mr Coulson resigned and that Mr Hinton replaced him with Mr Myler. I thought that both actions were appropriate. Shortly after that, I recall learning that Mr Hinton and Mr Chapman had retained a distinguished law firm to review certain emails that were the product of an internal review. I am now aware that these actions were undertaken as a result of allegations that Mr Goodman made in connection with the termination of his employment but I cannot recall today whether I knew that in 2007. I believe that I was told by Mr Hinton that the internal review showed that the police were correct and that there was no evidence going beyond Mr Goodman. My memory at this point is not clear on what I knew in 2007 about the details of this review. However, I am certain that I did not learn until mid 2011 of the deficiencies in the law firm's analysis of the emails that it did review.
- 173 I did not learn of settlements of civil claims during the time in question. It would not have surprised me to hear that NGN would settle claims rather than spend money on litigation when it was not disputed that Mr Mulcaire had engaged in phone hacking while retained by News of the World. But I am certain I did not know about the settlements when they took place. Until late 2010 or January 2011, I believed – based on the limited charges brought by the police – that in fact Mr Mulcaire had been working for a single reporter at the News of the World.
- 174 At some point in 2009, I came to learn that there were allegations in The Guardian that the phone-hacking activity went beyond one reporter at the News of the World. At some point, I believe that my son James and perhaps Rebekah Brooks advised me that the police had responded quickly to the Guardian story in July 2009 by reaffirming that there was no basis

A14743638

to re-open their investigation. This led me to conclude that phone hacking was limited to the victims previously identified and that there was no need for investigation by NI. I did not follow the Select Committee proceedings, as my view of the matter remained based on the police announcing that there was no basis for re-opening the investigation, and on the prior conclusion reached by the police. As my son James told the Select Committee, in hindsight we were too defensive in our response to these events in 2009-10.

- 175 In the fall of 2010, I recall learning of a New York Times article on the matter, perhaps from my son James. I had understood that it was a rehash of allegations that had been discredited by the police. I do not recall reading the article.
- 176 Sometime in late 2010 or January 2011, I believe Rebekah Brooks told me that evidence disclosed in a civil case brought by the actress Sienna Miller showed that at least one other reporter was apparently involved in telephone hacking besides Clive Goodman. This was particularly disturbing because it meant that the information we had relied upon since late 2006 was wrong. The company began to investigate the matter further. By April 2011, I understand that the police arrested the other reporter. That spring, NGN accepted responsibility for the hacking.
- 177 Of course, over the next few months, we learned of the allegations made in The Guardian about the alleged hacking of Milly Dowler's phone and deletion of her voicemails by or on behalf of the News of The World, which has since been the subject of investigation by the police (although I understand that the charge that News of the World deleted the voicemails has been called into question). By July 2011, the Board had directed the Management and Standards Committee ("MSC") to cooperate with all government investigations.
- 178 NI decided to close the News of the World, in the wake of the Milly Dowler accusations and under all of the circumstances, because the credibility of the brand with its readers was irretrievably destroyed. My son James' internal statement dated 7 July 2011 on the subject captures our thoughts at the time (I exhibit a copy at Exhibit KRM41).
- 179 Since July 2011, the MSC, working with a legal team, has actively cooperated with the Metropolitan Police as well as with the United States Department of Justice, turning over evidence of alleged or suspected illegality, and responding to all requests for information. This has led to the arrests of a number of NI employees. Our cooperation is continuing to date.
- (24) In 2006 and 2007, it was clear that the Information Commissioner was alleging that very large amounts of personal data may have been obtained in breach of the Data Protection Act 1998. When did you become aware that your newspapers had been implicated by the Information Commissioner? What steps to investigate the matter did you take when you became aware of this?

A14743638

- 180 I have recently been told that, on 13 December 2006, the Information Commissioner published a report entitled "What price privacy now?" which was a follow up to an earlier report. I understand that the report included a table in which it was alleged that three NI titles, among many other newspapers, had used the services of a particular private investigator (Mr Whittamore) to obtain information and that such information might have been unlawfully obtained. I have also recently been told that, following a challenge by The Sunday Times, on 2 February 2007 the Information Commissioner apologised for errors in the report and published an amended version of the table which suggested a very much smaller role for The Sunday Times but included all four NI titles.
- 181 I was not aware of any of these matters until sometime in the summer of 2011. I did learn that the Sunday Times had attempted to follow up on one of the Information Commissioner's reports and asked for underlying data, and was refused, and the table in the report did not provide sufficient information to identify which journalists were implicated and what they were suspected of doing.
- 182 As I understand it, the Information Commissioner's reports are not concerned with phone hacking.
- (25) **When did you first become aware that phone hacking at News of the World had in fact occurred? Was it prior to Clive Goodman being arrested, or after? A precise date would be helpful. Who informed you of this? What precisely was said to you about phone hacking at that stage? In particular, please address the allegations made by Detective Chief Superintendent Surtees to the inquiry that the police search of Mr. Goodman's desk turned into a "tense standoff" with News of the World staff who did not assist the police in carrying out their duties "in any way, shape or form". What assistance was provided to police when conducting Operation Caryatid?**
- 183 I was not aware of phone hacking at News of the World until shortly after the arrest of Clive Goodman. I do not know the exact date, but I believe it was in late August or September 2006. As I indicated in response to an earlier question, it is difficult to be precise about the date in part because I was travelling with family through most of August and not back in London until late September.
- 184 I believe I was told about this by Les Hinton, then Chairman of NI. In substance, I believe Les told me that there had been an arrest of one employee who had used an investigator who was hacking into telephones to support stories for News of the World and that we were cooperating with the police investigation.
- 185 I was unaware of any "tense standoff" with News of the World staff on 8 August 2006 to which the question refers. I was not present when the police searched Mr Goodman's desk; nor, I understand, was Detective Chief Superintendent Surtees himself.

A14743838

- 186 I do not know what subsequent assistance was provided to police conducting Operation Caryltd. At the time, my understanding was that NI had directed a law firm to cooperate with the police investigation following Mr Goodman's arrest, and that the police were able to conclude their investigation. I have since been told that there were exchanges of correspondence between that law firm and the police. I have not examined that correspondence or been in a position to judge the nature and extent of assistance sought and provided.
- (26) **Once informed, what steps did you take to ensure that the matter was being investigated? Did you consider it a matter of good business practice to have this matter investigated? How far did you attempt to ensure that any such investigation was thorough and was being followed?**
- 187 At the time I was informed, I was told that NI was cooperating with the police investigation. As the police had taken critical evidence from the home of the investigator at the centre of the activity, it appeared reasonable to support their investigation rather than attempting to conduct our own. When I heard that the police had informed NI that they were closing the investigation, I concluded that nothing further was required. I was told in 2007 that the internal review and the law firm review of certain emails described above confirmed the police's conclusion that the activity was confined to one reporter and there was nothing further to investigate.
- (27) **Were you aware that after the arrest of Clive Goodman, until the very recent past, the line being put out publicly by News International was to the effect that phone hacking had only been carried out by 'one rogue reporter'? When did you become aware that this public line was in fact incorrect? Who informed you of this? What was your reaction?**
- 188 I was aware that NI had taken that position, and indeed I believe I took that position myself, as it reflected my belief at the time.
- 189 I became aware that the position was wrong sometime in late December 2010 or January 2011, when evidence in the Sienna Miller case revealed that more than one reporter was apparently involved in the activity. I believe it was Rebekah Brooks who informed me of this. This was a source of great concern to me because it called into question an understanding that had governed NI's response to these matters for four years.
- 190 As my son James said, it is to our great regret that the company's statements on this issue proved to be wrong and that in hindsight our response to these allegations in 2009-2010 was slow and insufficient. Rather than rely either on the allegations in the Guardian or on the statements by the police, we should have conducted our own thorough investigation. That is why, when we finally did respond in 2011, we undertook to make this right: getting

at the truth, providing all evidence of wrongdoing to the authorities, and compensating the victims.

- (28) Both the Guardian (in 2009) and the New York Times (in 2010) carried articles which alleged that phone hacking was not limited to a single rogue reporter. Were you informed of these articles? What steps did you take at that stage to investigate their claims, if any?
- 191 I believe I was informed about both articles, probably by my son James or Rebekah Brooks, and I was informed that the Metropolitan Police had said that The Guardian article was incorrect. Based on that, I did not direct any further investigation.
- (29) When were you made aware of the Gordon Taylor and Max Clifford claims, based on allegations of phone hacking? What personal control (if any) did you take of this civil litigation? Did you authorise, or alternatively were you contemporaneously informed of, the large settlement payments they received? What was your understanding of why such large settlement sums had been paid?
- 192 I was not aware of either claim, I did not control the litigation, and I did not authorise the settlement of the claims. I may have learned of the Taylor settlement in either reading or hearing about the article in The Guardian in 2009. I do not recall learning about the Clifford matter until fairly recently.
- (30) Please give a full account of News International's policy in relation to the conduct of more recent litigation in the civil courts. Please provide the number of claims that have been settled, and the total value of all compensation paid out in settlement of these claims. In addition, please indicate the legal and other costs incurred by News International in relation to the civil claims. It has been widely reported that many new phone hacking claims are likely to be brought. Insofar as you, or your company, is aware of these, please provide full details.
- 193 NGN has apologised, both publicly and privately, for the voicemail interception which took place at the News of the World and for the considerable hurt and distress which this has caused to those individuals affected.
- 194 The publicly stated aim of NGN is to resolve genuine voicemail interception claims by settlement wherever possible. NGN has negotiated and settled nearly all of the issued claims made to date (on its own behalf prior to July 2011 and through the MSC on behalf of NGN after July 2011). In those negotiations, NGN has assessed whether or not it is likely that voicemail interception occurred and has accepted liability in principle wherever it is appropriate to do so. Thereafter it has offered compensation to the claimants, which it considers to be very much at the generous end of the spectrum that the Court would be likely to award. Appropriate undertakings have been offered as part of the terms of the settlement and where the claimant has so requested them. Statements in open court or

A14743638

private letters of apology have been agreed. Settlements have also been concluded on a confidential basis where the parties so preferred.

- 195 NGN has agreed to pay the costs of those claimants with whom settlements have been reached. NGN's aim is to achieve a fair and early settlement of all further substantiated claims. NGN remains prepared to litigate cases which are not genuine or where agreement cannot be reached on the level of compensation.
- 196 In order to provide an alternative method of resolving claims, and in order to speed up the process by which the victims of voicemail interception can be compensated, NGN has also set up a voluntary compensation scheme. NGN has appointed the former High Court Judge and arbitration expert, Sir Charles Gray, to act as an independent adjudicator to assess applications for compensation under the scheme.
- 197 I am informed that the position as at 10 April 2012 was as follows (although these figures are subject to frequent change):
- (a) 72 claims have been settled;
 - (b) 20 issued claims are outstanding; and
 - (c) 23 have been accepted into the compensation scheme
- 198 As at 31 March 2012, NGN has paid approximately £14.5 million in damages, costs agreed with claimants and its own legal costs.
- 199 I understand that over 300 communications, including requests for information, have been received by NGN which may lead to further claims being issued against the company, although not all of these will result in any payment being made by NGN.
- (31) **What led to the decision to set up the Management and Standards Committee? Who took the decision? What was your personal role in setting it up, and what role do you play in relation to the MSC now? What instructions were given to the MSC and what are its terms of reference?**
- 200 In July 2011 News Corporation established the MSC to take charge of all matters relating to the phone hacking and public official payments investigations and all related issues at NI. The members of the MSC included individuals who had already been leading the company's cooperation with the Metropolitan Police Service in their investigation of these matters. I promised the Select Committee that I would clean up the phone-hacking problem at the News of the World. The MSC has more than made good on my promise.
- 201 My senior management team, together with the News Corporation Board of Directors, determined to empower the MSC to serve as a management body independent of NI and that would report to a member of senior management, Joel Klein, who is a director of News Corporation and a former Assistant Attorney General of the United States. Mr. Klein in

A14743638

turn reports to Viet Dinh, an independent director of News Corporation and also a former Assistant Attorney General of the United States.

- 202 Mr Klein and Mr Dinh provide frequent updates to the Board regarding the activities of the MSC and status of the investigations. I receive information regarding the MSC's activities from these updates as well as my regular conversations with Joel Klein and Gerson Zweifach, the Group General Counsel of News Corporation and now a member of the MSC. The terms of reference of the MSC are attached at Exhibit KRM42.
- (32) Please set out News International's policy in relation to Operation Elveden. To what extent do you share the views expressed by Trevor Kavanagh in The Sun on 13 February 2012, in which he levelled serious criticisms at Operation Elveden. Were you aware of this piece prior to its publication?
- 203 NI, as part of News Corporation, is cooperating with Operation Elveden and all other government investigations. That cooperation has been not only expensive, but has taken a human toll, as long term employees who served NI have been arrested. Those arrests, as well as the prior closing of the News of the World, have caused terrible pain not only to those arrested but to their families and to colleagues. Trevor Kavanagh's article published on 13 February 2012 reflects the anguish that many of us feel for our colleagues. I was not aware of the article before it was published.
- 204 I do not agree with everything stated in the article (and through no fault of his, Mr Kavanagh obviously does not have all the information that the MSC or the police have). As I told the Select Committee, I believe that paying police officers for information is wrong. And as I told my colleagues shortly after Mr Kavanagh's article appeared, we are committed to obeying the law. That said, the sentiment that Mr Kavanagh expressed was genuine and his concern for his colleagues, those arrested and their families, and others who are frightened is shared by me.
- 205 As I have publicly stated, the law is the law and NI will obey it. I am determined that we should do what is right. And, at the direction of News Corporation, the MSC will continue to provide any evidence we find of possible wrongdoing to the authorities.
- (33) In July 2011, you confirmed to the CMS Select Committee that you had 'no current plans' to set up a Sunday version of the Sun. A Sunday version was however launched in February 2012. Why did you change your mind? How and why was the decision made to launch the Sun on Sunday? When you announced the launch of The Sun on Sunday, you lifted the suspensions of journalists who had been arrested for alleged unlawful payments to the police. The editorial in the first edition of The Sun on Sunday said that the individuals are innocent until proven guilty. The Inquiry would be interested to understand why you took the position you did as to reinstatement of the relevant journalists. Please also provide the Inquiry with full

A14743638

details as to when website domain names relating to the Sun on Sunday were first registered and/or purchased?

- 206 The question posed here slightly misstates what my son and I told the Select Committee on 19 July 2011. I said we had made no decision on launching a Sunday tabloid, and James said "there are no immediate plans" to do so, to which I immediately added, "but no guarantee that we won't." (see Q253 of the transcript). Those statements were accurate when they were made and signalled that, when circumstances so warranted, we would revisit the issue of launching a Sunday newspaper.
- 207 In the summer of 2011, when we closed the News of the World, we protected our intellectual property rights, by registering the domain names "thesunonsunday.co.uk" and "thesunonsunday.com" (plus certain similar Irish domain names) and filing corresponding trade mark applications. We were prompted to take these steps because, in early July 2011, a third party had registered various domain names based upon the words "Sun on Sunday"; those domain names were later transferred to NI.
- 208 In February 2012, after waves of dawn arrests, our employee morale was dangerously low, and some questioned our commitment to The Sun. Against that background, I decided it was appropriate to launch the Sunday edition, to demonstrate to our employees and our readers our commitment to The Sun and to putting out the best newspaper in Britain, while observing the highest ethical standards.
- 209 It was terribly difficult to plan the ongoing operation of The Sun, let alone to consider extending its operations to seven days a week, with key employees under suspension since their arrest. There was no prospect of a charging decision for several months. Therefore, at the same time as launching the Sunday edition, we decided to welcome back those employees who had been suspended. They are innocent until proven guilty and have not, to date, been charged.
- 210 We took this action to protect the jobs of our employees and their families (the vast bulk of whom were not implicated in any way in the activities at issue), to serve our readers, and to demonstrate our commitment to the most popular newspaper in Britain. We provided assurances to the police that we would put in place protections to ensure that none of the returning employees could possibly engage in any of the alleged unlawful practices, and we further ensured that all evidence was secured.
- (34) You will be aware that the Metropolitan Police have announced that they will review the Daniel Morgan murder in light of information that News of the World hired a private investigator with links to one of the murder suspects to conduct surveillance on the senior officer in charge of the investigation. Please set out your understanding of events relevant to this review, and set out the assistance News International is providing to the police in this context.

A14743638

- 211 I was entirely unaware of these allegations until recently.
- 212 I have been told that a private investigator was murdered in 1987 and that his murder remains unsolved. I understand that one of the suspects was himself a private investigator with some relationship with News of the World. I also understand that there is an allegation that in 2002, the senior officer in charge of the fourth investigation of the murder was put under surveillance by the News of the World. I understand that it has been reported that the police officer in question has himself been arrested by officers from the Independent Police Complaints Commission on suspicion of misconduct in public office and Data Protection Act offences. And, I understand that the officer in question has brought a civil action against NI. I have no other information about the matter, other than I have been assured by the MSC that it stands ready to cooperate with any and all investigations into the murder, the News of the World's surveillance, or the officer's alleged misconduct.
- (35) When did you become aware of the allegations published in the Guardian in July 2009 that phone hacking was widespread within News of the World, or the subsequent report in the New York Times in September 2010? Please explain what steps you took to satisfy yourself that they were not true.
- 213 See my answer to Question 28 above.
- (36) In relation to the civil claims, please respond to the comments of Mr Justice Vos that, in response to requests for documents from the representatives of Sienna Miller, senior executives at News International implemented a "pre-conceived plan to hide emails". Mr. Justice Vos added that News International should be treated as "deliberate destroyers of evidence". Please provide the inquiry with all documents relevant to the plan to delete emails and provide a full explanation of who approved the plan, and for what purpose. What emails were deleted? When were you aware of this plan?
- 214 My understanding is that Mr Justice Vos' comments (in a judgment (as to the first quote) and during oral argument (as to the second)) were based upon concessions made by NGN for the exclusive purpose of calculating damages in the civil claims. NGN made concessions about factual matters in order to progress the litigation, and without prejudice to the fact that it was unable to make any admission as to the state of knowledge, motivation or states of mind of the unidentified "senior employees and directors" against whom allegations were made. I understand that Mr Justice Vos also said in the same judgment "I do understand the efforts which NGN have gone to give disclosure and make amends for the past misconduct, and the court is not unsympathetic to the substantial efforts that have had to be undertaken". Whatever the context, however, I recognize the seriousness of any allegation of obstruction of justice.

- 215 Until recently, I had no awareness of any allegation about a plan to delete emails or evidence of any kind to that effect.
- 216 I understand the issues relating to NI's IT infrastructure and email deletions are technically complex and I have no personal knowledge of them. I have this year been apprised by the MSC of a witness statement made in the civil claims by NI's Chief Information Officer who is familiar with these allegations. His witness statement, which answers the factual questions posed in Question (36) is at Exhibit KRM43. The documents requested in Question (36) are exhibited to his statement with further responsive documents at Exhibit KRM44.
- 217 Certain individuals who have knowledge of the relevant matters have left the company and the MSC has not had the chance to interview them. It is my understanding that we were directed by the MPS not to interview anyone arrested. In light of the current police investigation, and the fact that we have not been permitted to ask those implicated if they can explain themselves, I do not believe it is appropriate for me to comment on any individual's conduct.
- (37) As you are aware, the editor of The Times, James Harding, has informed the Inquiry that information relating to the unlawful interception of an email by The Times was withheld from Mr Justice Eady in the Nightjack hearing. Please set out what steps have been taken within News International to investigate the extent to which the unlawful interception of emails was or is prevalent. Further, what steps have been taken to ensure that no News International publication misleads the court in future?
- 218 I have recently been informed that, in May 2009, a reporter employed by The Times gained unauthorised access to the email account of an anonymous blogger called "Nightjack" and used such access to establish the blogger's identity. I understand that the reporter subsequently discovered that the blogger's identity could be established using publicly available information, and that The Times resisted the blogger's court application for an injunction preventing disclosure of his identity on that basis. I understand that, when the matter was heard by Mr Justice Eady on 4 June 2009, The Times failed to explain how the identity had originally been established and as a result the court was misled. I also understand that the Editor, James Harding, has apologised to the blogger, to the court and to the Inquiry. I was unaware of this matter until it arose in evidence before the Inquiry. I am appalled that the lawyer misled the court and disappointed that the Editor published the story.
- 219 Some months before this matter came to my attention, in July 2011, the MSC was asked to conduct a review of journalistic activity at The Times and to establish whether any unlawful activity (including email hacking) had been carried out in the past. As soon as the Nightjack matter arose, it was referred specifically to the MSC. The review is ongoing, but I am told that so far the MSC has not yet uncovered evidence of any other occasions on

A14743638

which The Times reporters gained unauthorised access to email accounts. To the best of my knowledge, this appears to have been an isolated incident. I understand that the reporter involved in this incident was disciplined and his employment contract was later terminated (for unrelated reasons). I understand that the reporter's line manager, a news editor, has subsequently been disciplined. Further, I also understand that NI has referred the in-house lawyer involved to the Solicitors Regulation Authority and that NI has reviewed and issued guidance to all in-house lawyers following this matter.

- (38) In response to the evidence given to the Inquiry by DAC Akers, you said: "we have vowed to do everything we can to get to the bottom of prior wrongdoings in order to set us on the right path for the future. That process is well underway. The practices Sue Akers described at the Leveson Inquiry are ones of the past, and no longer exist at the Sun. We have already emerged a strong company". Please explain to the Inquiry in full the lessons you have learned from these experiences. Please detail in full the actions you have taken to ensure that the culture, practices and ethics within News International, and by each of the individuals who were or may have been involved in these past practices but who continue in the employment of News International, have changed permanently to eliminate any risk of future behaviour of this nature.
- 220 As I stated at the Select Committee, my colleagues and I at News Corporation and NI have been humbled by the events of the last year.
- 221 With the wisdom of hindsight, I have learned that even experienced and long serving members of staff can fail to meet their responsibilities. As my son James told the Select Committee, we have learned that even if we question the motivations of those who attack us, we must take a hard look at any allegations of misconduct.
- 222 In response, as the Inquiry knows, we have changed the governance and risk management structure of NI; made more robust our compliance programmes; and are re-thinking governance and compliance functions at News Corporation. And, as I committed to do following the revelations about the News of the World, we are conducting an investigation across our other titles and turning over evidence of possible misconduct to the police. That process is now substantially complete. I am proud of the efforts which have been made, painful as they have been, to make good on our commitments to Parliament to make things right.
- 223 This Inquiry is devoted to examining critical issues of the press's relationship to our democracy. Notwithstanding the events of the last year, I remain convinced that no institution remains better positioned than an independent press to undertake the absolutely crucial task of shining a critical light on powerful forces in our society. And as we have all seen, we have laws in place, including privacy and defamation as well as criminal laws, that will be enforced. Surely any publisher or journalist reflecting on the events of the last

A14743838

year has seen how our society already has laws that will hold journalists and publishers to account for misconduct, resulting in dawn arrests and criminal prosecutions, and very substantial sums of money in civil damage awards and costs. The events of the last year cannot help but have a substantial and lasting impact not only on NI, but on the press itself.

224 Through all this, I remain committed to NI and all our titles, to the men and women who have built these businesses, and to our readers and our audience who count on us to deliver a great paper every day. I am proud that, through the introduction of new technology and the move of our titles to Wapping, we led the way for our own titles and all other newspapers to flourish, providing readers in the United Kingdom with the most vibrant press in the world. I am proud that, through our efforts and support, we grew satellite television from a failing business to a dynamic alternative source of news and entertainment for our audience, and tens of thousands of jobs for our employees.

225 All of us regret that some of our colleagues fell far short of what is expected of them. I feel great personal regret that we did not respond more quickly or more effectively. This company has been my life's work, and I feel a strong sense of responsibility for everything we do and fail to do. But I am committed to demonstrating that the talented men and women at our titles can continue to turn out world class newspapers, following the highest ethical and legal standards, and play a critical role in our democracy.

I believe that the facts stated in this witness statement are true.

Signed ...



Dated

13-4-2012

EXHIBIT 00

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to colleagues, clients or customers, or to license text, images or graphics, use the Reprints tool at the top of any article or visit: [Reprints \(http://www.newsweekdailybeastreprints.com\)](http://www.newsweekdailybeastreprints.com)



Murdoch Confirms U.S. Department of Justice Investigation Into News Corporation

In a statement to the Leveson Inquiry, the News Corp. mogul said he was cooperating with the DOJ.

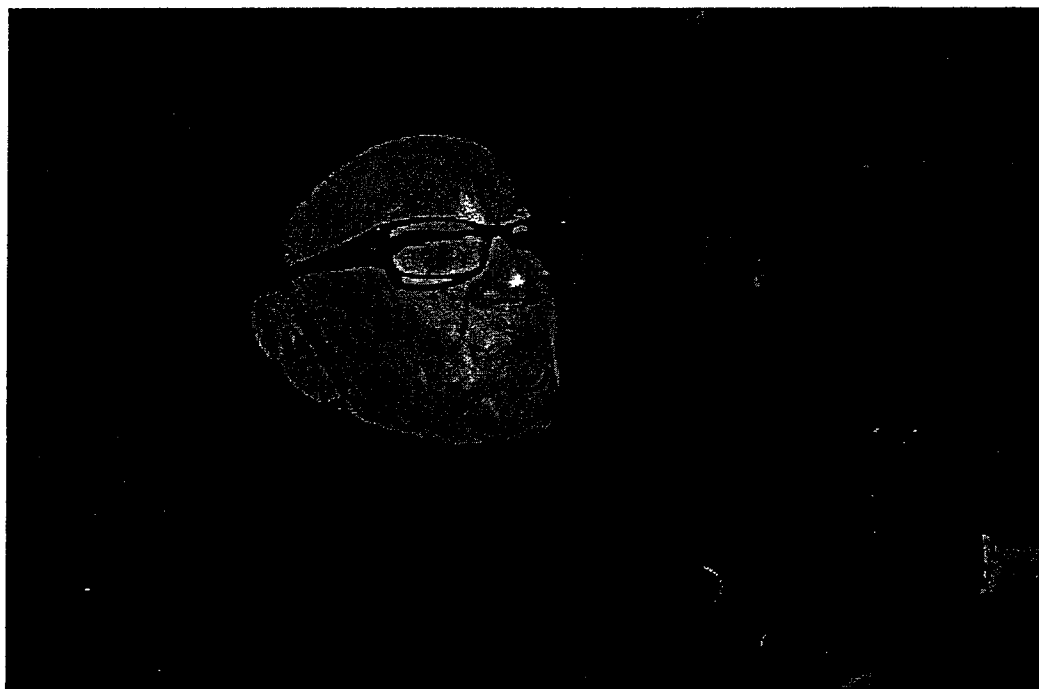
by [Mike Giglio \(/contributors/mike-giglio.html\)](/contributors/mike-giglio.html) | April 25, 2012 3:57 PM EDT

Rupert Murdoch's [witness statement \(http://www.levesoninquiry.org.uk/wp-content/uploads/2012/04/Witness-Statement-of-Keith-Rupert-Murdoch2.pdf\)](http://www.levesoninquiry.org.uk/wp-content/uploads/2012/04/Witness-Statement-of-Keith-Rupert-Murdoch2.pdf) to the Leveson Inquiry today confirmed one important, if long-suspected, fact: that his News Corporation has been actively cooperating with a U.S. Department of Justice investigation into the company.

The statement outlined how an internal company inquiry--set up by Murdoch this summer in the wake of the phone hacking scandal to investigate News International, News Corp.'s U.K. media arm--has turned over thousands of potentially incriminating company emails and other documents to authorities. The Management and Standards Committee, headed by senior News Corp. lawyer and former New York City school reformer Joel Klein, has spent months pouring through archives from News International and passing relevant information to Scotland Yard. Murdoch's statement confirmed that News Corp. has shared this with the U.S. Department of Justice as well.

"Since July 2011," the statement read, "the MSC, working with a legal team, has actively cooperated with the Metropolitan Police as well as with the United States Department of Justice, turning over evidence of alleged or suspected illegality, and responding to all requests for information. This has led to the arrests of a number of [News International] employees."

The info dump has helped fuel an investigation into allegedly corrupt payments made by journalists to police and other public officials. This investigation, called Operation Elveden, led to the recent arrests of a number of senior journalists from Murdoch's flagship daily tabloid, the Sun. The arrests prompted Murdoch to [fly to London \(/newsweek/2012/02/19/rupert-murdoch-saves-the-sun-but-crisis-could-move-to-america.html\)](/newsweek/2012/02/19/rupert-murdoch-saves-the-sun-but-crisis-could-move-to-america.html) to address an embittered newsroom in February, and soon afterwards he [announced the launch \(/articles/2012/02/26/rupert-murdoch-launches-sun-on-sunday.html\)](/articles/2012/02/26/rupert-murdoch-launches-sun-on-sunday.html) of the Sun on Sunday, which many observers saw as a bid to win back staff and regain the upper hand in the company crisis.



Rupert Murdoch leaves the High Court in central London on April 25, 2012. (Justin Tallis, AFP / Getty Images)

It is this issue of allegedly corrupt payments—and not phone hacking—that has also been the subject of a U.S. Department of Justice investigation, as such payments could potentially violate the U.S. Foreign Corrupt Practices Act, which prohibits illegal payments to foreign officials. Proactive cooperation is looked on favorably by American authorities and can help to lessen potential FCPA fines-- a detail that experts have assumed to be a driving motivation behind Murdoch's internal inquiry and its investigation into potential company wrongdoing.

“News Corp. really, since the first weeks of this scandal, has been saying that they’re cooperating in the DOJ and any investigations. And I took that [to mean] turning over documents and witness statements and the like,” says Butler University’s Mike Koehler, one of America’s leading experts of FCPA law. “News Corp. has every incentive in the world to do that. Among other things, it’s going to make this whole episode go faster for it. [...] This is very standard procedure in cases of this nature.”

</content/dailybeast/articles/2012/04/25/murdoch-confirms-u-s-department-of-justice-investigation-into-news-corporation.img.jpg>

Rupert Murdoch faces the Leveson inquiry.

FCPA cases typically take between two and four years (and sometimes longer) to play out, Koehler points out, and the end result of a successful prosecution is usually a corporate fine. He adds that company executives--and often the employees suspected of making illegal payments--rarely face criminal charges, which require proof of either direct knowledge of the payments or willful blindness. “The DOJ knows that when you charge an individual, their liberty is on the line and they’re going to fight,” Koehler says. “With a company, the case is likely going to result in a settlement. And as a result the DOJ will not be held to its high burden of proof.”

It is the issue of allegedly corrupt payments—and not phone hacking—that has been the subject of a U.S. Department of Justice investigation, as such payments could potentially violate the U.S.

Foreign Corrupt Practices Act.

A News Corp. spokesperson declined to comment for this article, but the company has previously stated that it is cooperating with all relevant investigations.

The documents from the internal inquiry and the FCPA investigation form a different U.S. legal front altogether than the one forecast by a recent announcement from prominent U.K. lawyer Mark Lewis, who has said he intends to pursue at least three cases against News Corp. in America. Earlier this month, Mark Lewis confirmed in an exclusive interview (</articles/2012/04/11/phone-hacking-scandal-comes-to-the-us.html>) with The Daily Beast that he “imminently” intends to file the suits, which he says will accuse Murdoch’s British reporters of hacking the phones of targets on U.S. soil. Such a move would allow Lewis to take aim at the parent company News Corp., in lieu of News International, in pursuit of damages. It might also, Lewis said, pave the way for his own investigation into News Corp., via the legal discovery process that would presumably go along with his potential U.S. suits.

Murdoch will take the stand again at the Leveson inquiry tomorrow for another day of testimony.

Tags:

- [World News \(/world.html\)](/world.html)

©2011 The Newsweek/Daily Beast Company LLC

EXHIBIT PP

1 of 1 DOCUMENT

ProPublica

July 12, 2011 Tuesday 4:49 PM EST

Damned If You Do or Dont: How Murdoch Reporters Bribes to British Cops Violate U.S. Law

LENGTH: 1003 words

Jul. 12, 2011 (Pro Publica delivered by Newstex) --

by Jake Bernstein

Imagine you're a Fleet Street reporter at a British tabloid with a pocketful of cash. You meet a trusted source at a pub, a police officer who tells you about the royal family's confidential schedule in exchange for a small gratuity. You hand over a few quid and rush off with a photographer to stake out a health club where Camilla Parker-Bowles is toning her abs.

Guess what: If you work for Rupert Murdoch, you may have violated U.S. law. What the government nails you for could depend on how you and your bosses account for the sketchy deal with the cop.

If you're entirely honest in the company's internal books and enter the payment as a "bribe," you've just created an irrefutable piece of evidence that can be used against you and your company in a prosecution by the Justice Department for violating U.S. statutes against overseas bribery. If, as is more likely, you file an expense account which refers to the cash payment as "taxis or "office supplies," you stand a chance of being pursued by the Securities and Exchange Commission for keeping fake records.

News International Limited, the British arm of the Murdoch empire, is a subsidiary of News Corp. (NASDAQ:NWS) , a publicly traded American company which also owns The Wall Street Journal and Fox News (not to mention the Sunday Times of London, The Times of London, and the British tabloid The Sun.) Because of this, experts say, News Corp. and all of its subsidiaries come under the Foreign Corrupt Practices Act, a Watergate-era law which makes it a crime for U.S. companies to participate in bribery abroad.

The scope and number of payments remains unclear. British press reports say more than \$160,000 was paid by News of the World reporters to police officers. The issue came to light last week after News International turned over a trove of internal emails to authorities.

"A small number of officers may have taken illegal payments. That is fundamentally

corrupt," Met Commissioner Sir Paul Stephenson told the BBC. "If true, I will be determined to root them out, find them and put them in front of the criminal court."

After years of relative quiet, the United States has substantially stepped up the resources to prosecute companies for violating the bribery law. There are 150 open investigations of American companies, according to the law firm Gibson Dunn & Crutcher. In 2005, the Securities and Exchange Commission and the Department of Justice combined for a total of just 12 FCPA enforcement actions. By 2010 that number had jumped to 54, the law firm reports. We've written previously on this subject when it involved payments by Albert Jack Stanley, a former executive at KBR. (NYSE:KBR)

Unless information emerges that News Corp. executives in the United States were aware and condoned illegal behavior, it is doubtful whether the company or individual executives would face criminal prosecution in the United States, several defense lawyers said.

A prominent academic, Michael Koehler, who tracks prosecutions on his blog the FCPA Professor, is not as sure the global news giant will escape criminal prosecution.

"Look at the 2011 enforcement actions on my blog," he says. "None of these involved high level officers or board members."

But lack of evidence of executive complicity in bribery doesn't protect the parent company from civil actions. Where News Corp. may be most vulnerable is under the "Books and Records" and "Internal Controls" provisions of the FCPA, according to lawyers who practice in this field.

Even if News Corp. subsidiaries recorded the bribes accurately in their books, it could land the company in difficulty with the SEC. Since the bribery was permitted in the first place, the charges would also open up the company to questions about its internal controls.

Fines for these violations can be steep. In 2009 and 2010 combined the Justice Department charged over 50 individuals and collected nearly \$2 billion in criminal fines, said Assistant Attorney General Lanny Breuer in a recent speech. In 2010, the SEC brought in almost \$530 million in corporate FCPA settlements, according to Koehler's blog. Part of what makes it so lucrative for the government is that the SEC often requires the companies "disgorge" the gains they made from illicit activities and pay interest on them.

How the SEC would calculate the value of a scoop or a racy headline that resulted from a police bribe is an open question. Does one include a bump in weekly circulation? The long-time loyalty of readers? Until it was abruptly closed last week, The News of the World, the Sunday paper most closely linked to phone hacking, had Britain's largest daily circulation, with 2.7 million readers.

"What was the increased revenue because of this sensational headline is more art than science, says Koehler. "You could come up with some ballpark number.

Another cost to News Corp. would be the company-wide review the SEC or DOJ would likely demand. The company would have to satisfy the Feds that similar payments weren't made to government officials in other countries. These company reviews are part of the reason why FCPA inquiries can last for years, according to Koehler.

The statute of limitations on civil FCPA charges is five years. Reports about the illegal bribes seem to date back to 2006 so regulators would likely be mindful of

the calendar. Companies are often rewarded for cooperating with the inquiries. "Raising a statute of limitations defense is not exactly cooperation mode, says Koehler.

News Corp also depends on the government for its broadcast licenses. Fox Television Stations Inc. has 269 active licenses with the Federal Communications Commission, according to the agency's website. An agency spokesman would not comment on whether FCPA violations might put those licenses in jeopardy as well.

Newstex ID: PRPB-0001-106321576

LOAD-DATE: July 13, 2011

LANGUAGE: ENGLISH

NOTES: The views expressed on blogs distributed by Newstex and its re-distributors ("Blogs on Demand®") are solely the author's and not necessarily the views of Newstex or its re-distributors. Posts from such authors are provided "AS IS", with no warranties, and confer no rights. The material and information provided in Blogs on Demand® are for general information only and should not, in any respect, be relied on as professional advice. No content on such Blogs on Demand® is "read and approved" before it is posted. Accordingly, neither Newstex nor its re-distributors make any claims, promises or guarantees about the accuracy, completeness, or adequacy of the information contained therein or linked to from such blogs, nor take responsibility for any aspect of such blog content. All content on Blogs on Demand® shall be construed as author-based content and commentary. Accordingly, no warranties or other guarantees will be offered as to the quality of the opinions, commentary or anything else offered on such Blogs on Demand®. Reader's comments reflect their individual opinion and their publication within Blogs on Demand® shall not infer or connote an endorsement by Newstex or its re-distributors of such reader's comments or views. Newstex and its re-distributors expressly reserve the right to delete posts and comments at its and their sole discretion.

PUBLICATION-TYPE: Web Blog

Copyright 2011 Newstex LLC
All Rights Reserved
Newstex Web Blogs
Copyright 2011 Pro Publica

EXHIBIT QQ

FRANK R. LAUTENBERG
NEW JERSEY

COMMITTEES:
APPROPRIATIONS
COMMERCE, SCIENCE, AND
TRANSPORTATION
ENVIRONMENT AND
PUBLIC WORKS

United States Senate
WASHINGTON, DC 20510

July 20, 2011

The Honorable Eric H. Holder, Jr.
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20530

Director Robert S. Mueller, III
Federal Bureau of Investigation
J. Edgar Hoover Building
935 Pennsylvania Avenue, NW,
Washington, DC 20535

Dear Attorney General Holder and Director Mueller:

I understand from reports that the Federal Bureau of Investigation (FBI) has begun a preliminary review into allegations that News Corporation (News Corp.) may have sought to illegally access phone records or hack into the voicemails of victims of the 9/11 terrorist attack.

In connection with the FBI's review of News Corp.'s conduct, I wanted to bring to your attention the attached letter that I wrote to Attorney General Alberto Gonzales in June 2005 regarding another incident involving News Corp. and allegations of illegal conduct. Specifically, FLOORgraphics, Inc. (FLOORgraphics), a corporate constituent of mine based in Princeton, New Jersey, provided in-store advertising on behalf of manufacturers of major food, health, and household items selling products in grocery stores throughout the country. One of FLOORgraphics's competitors in this business was News America Marketing (News America), which is owned by News Corp.

At the time of my letter in 2005, I was informed by FLOORgraphics that the U.S. Attorney's Office for the District of New Jersey, the FBI and the U.S. Secret Service initiated an investigation into allegations that News America illegally gained access to FLOORgraphics's password-protected computer system and obtained FLOORgraphics's confidential data. In response to my letter, the Department of Justice informed me that, as a matter of policy, it was not in a position to confirm or deny the existence of an investigation into News America's conduct, but that the Department of Justice took all allegations of criminal conduct very seriously.

As the Department of Justice and FBI examine the recent hacking allegations involving News Corp. and its subsidiaries more closely, I wanted to make sure that you were fully aware of the case of FLOORgraphics and News America, as it may be relevant to your current

investigation. Please do not hesitate to contact me for any further information my office may be able to provide about FLOORgraphics's allegations, as appropriate.

Thank you for your attention to this matter and I look forward to your timely reply.

Sincerely,

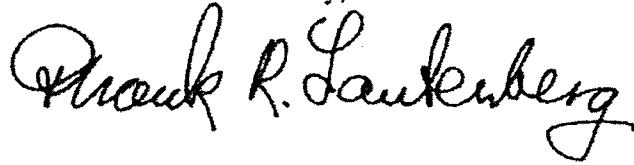
A handwritten signature in black ink that reads "Frank R. Lautenberg". The signature is written in a cursive style with a large initial "F" and a long, sweeping underline.

EXHIBIT RR

US senator invokes website-hacking trial in call for Murdoch inquiry

Attorney general asked to consider evidence of hacking into site of small firm, which News Corporation later bought outright

Ed Pilkington New York

guardian.co.uk, Thursday 21 July 2011 07.32 EDT



Rupert Murdoch has returned to his home in New York, where executives from News Corp subsidiary News America allegedly bullied and threatened a startup firm in 2009. Photograph: Louis Lanzano/AP

In July 1999, two brothers called George and Richard Rebh, the founders of a small start-up company called Floorgraphics, were invited to lunch with the dominant firm in their new area of business. The brothers were excited: they had invented a new product that involved sticking giant adverts on the floors of supermarkets, and were keen to show it off to the market leaders and talk about possible joint promotions.

They met the two top executives from the big firm, News America Marketing, in a Cantonese restaurant called A Dish of Salt in midtown Manhattan. Over hors d'oeuvre, News America's chief executive Paul Carlucci said: "So, I understand you're here to sell your company?"

According to transcripts of a trial that took place 10 years after the lunch, the Rebh brothers were astonished. No, they replied, they only wanted to talk about working together and had no intention of selling. George Rebh told the jury that Carlucci then said: "From now on, consider us your competitor and understand this: if you ever get into any of our businesses, I will destroy you. I work for a man who wants it all, and doesn't understand anybody telling him he can't have it all." News America is owned by News Corporation, whose chief executive is Rupert Murdoch.

The 2009 trial of Floorgraphics versus News Corp was invoked on Wednesday by Frank Lautenberg, a New Jersey senator who has called for an official inquiry into News Corporation behaviour in the US. He has written to the attorney general Eric Holder, asking him to take into account evidence thrown up during the trial that News America had engaged in computer hacking and to incorporate it as part of the ongoing justice

department and FBI investigation into News Corporation practices.

The Floorgraphics case, also recalled this week by the New York Times, is being seen as revealing the lengths to which Murdoch's American companies are capable of going in attempting to neutralise competition. When the startup decided to stand firm in the face of News America's alleged threat to destroy them, the Rebh brothers claim they experienced at first hand the empire's competitive instinct at its most intense.

As the lawyer acting for the Rebh brothers summarised it to the jury: "What this case boils down to is, one small startup business that grew successful being crushed by a very, very large powerful competitor who didn't want competition."

The most controversial element of the trial was the evidence presented by Floorgraphics to the jury that its website, protected by password security, had been broken into without authorisation. The computer breach, which Floorgraphics discovered in 2004 and had taken place 11 times over four months, was traced back to an IP address registered to News America's offices in Connecticut.

The unauthorised access of the firm's computer from a News America address became the subject of a 2005 FBI and US secret service investigation. The outcome of those inquiries is not known.

The computer hacking, the jury at the Floorgraphics trial was told, gave News America access to information that could be used to damage its rival including details of every sale Floorgraphics had made, its client list and projections.

Soon after, the jury was told, Floorgraphics began to lose crucial contracts with key clients – Safeway, Winn-Dixie, the South Carolina retail chain Piggly Wiggly and others – many of whom defected to News America.

The defence lawyer at the trial, in an opening statement, said that the computer breach had occurred at a crucial time and gave access to "private, confidential, proprietary business information that they could use against Floorgraphics in negotiations for getting bids in retail contracts ... After that, one retailer, then the next retailer, then the next retailer fell."

By the time of the trial, the firm had had to lay off 60 of its 85 employees.

News America's lawyer confirmed in his opening statement that someone using one of the company's computer addresses had indeed accessed a password-protected Floorgraphics website. But News America told the jury that the site was available to hundreds, if not thousands, of Floorgraphics retailers, representatives of consumer packaged goods companies and Floorgraphics's own employees.

A News Corp spokeswoman said: "There is considerable employee movement within this industry, and we believe it was someone with an authorised password. News America Marketing condemns such conduct, which is in violation of the standards of our company."

The spokeswoman added that News Corp "categorically denies" any suggestion raised in the trial that it bullied and threatened a startup company. The company's lawyer also disputed during the trial George Rebh's account of the conversation at A Dish of Salt. News America claims that over the years Floorgraphics had approached them about selling the company.

After only a couple of days of testimony, the trial was halted without prejudice as part of a deal in which News America bought Floorgraphics outright in return for Floorgraphics dropping the case. The New York Times put the cost to News Corp at \$29.5m (£18.2m).

During the trial, the jury heard from a former News America manager, Robert Emmel, who recalled the chief executive Carlucci telling his staff: "If there were individuals concerned about doing the right thing – bed-wetting liberals in particular – then he could arrange for them to be out-placed from the company."

In 2005 Carlucci was rewarded for his stewardship of News America by being appointed publisher of the New York Post, Murdoch's prime tabloid newspaper in America. News Corp said the promotion, despite the allegations of tough-guy tactics, was "entirely appropriate".

© 2012 Guardian News and Media Limited or its affiliated companies. All rights reserved.